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FAIRCHILD'S
FINANCIAL
MANUAL
OF
RETAIL
STORES
1987



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FAIRCHILD'S FINANCIAL MANUAL OF RETAIL STORES 1987

60th Annual Edition

BOOK DIVISION
FAIRCHILD PUBLICATIONS
NEW YORK

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Editor's Note: In order to present a clearer picture of a company's involvement in the Retail field, we have, in some cases, included only those divisions and subsidiaries related to Retail.

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Standard Book Number 87005-568-2

Printed in the United States of America

1986 STATISTICS FOR LEADING FOOD CHAINS

Company†	Sales (000's)	% Chg.	Net Income (000's)	% Chg.	% Net Income to Sales	Pre-Tax Income (000's)	Shareholders' Equity (000's)	% Net Income to Shareholders' Equity
	1986		1986		1986	1986	1986	1986
Kroger + (A)	\$17,122,518	+ 7.24	\$1,493	+ 7.24	0.30	\$ 95,614	\$1,154,771	4.46
American Stores	14,021,484	+ 0.95	144,528	+ 0.95	1.13	\$276,981	\$1,188,670	15.21
George Weston	10,026,100	+ 12.91	118,600	+ 12.91	1.11	306,125	838,093	17.24
Super Valu	9,065,819	+ 14.68	89,301	+ 14.68	1.14	196,700	767,811	20.12
Southeast (B)	8,619,700	+ 0.03	200,445	+ 0.03	2.33	188,930	830,000	11.58
Winn-Dixie	8,225,244	+ 5.80	116,391	+ 5.80	2.46	282,251	1,496,823	14.98
Loblaws +	7,774,480	+ 13.10	73,700	+ 13.10	0.94	192,378	704,558	12.02
Great A&P (C)	7,834,859	+ 18.43	93,010	+ 18.43	1.42	245,945	1,496,823	16.52
Lucky Stores (D)	6,440,871	+ 3.46	225,940	+ 3.46	0.97	118,200	655,200	11.25
Supermarkets Gen. (E)	5,379,937	+ 11.05	60,865	+ 11.05	1.33	129,410	755,718	12.88
Steinberg's (F)	4,041,948	+ 6.31	100,152	+ 6.31	1.28	125,909	272,089	13.07
Stop & Shop (G)	3,872,419	+ 12.91	38,400	+ 12.91	0.96	184,781	594,379	18.36
Oshawa Group (H)	3,526,098	+ 13.66	47,251	+ 13.66	0.99	73,766	539,631	16.85
Grand Union	2,611,616	+ 3.25	20,493	+ 3.25	1.32	88,125	321,028	14.12
Giant Food +	2,528,492	+ 12.52	46,453	+ 12.52	0.78	31,093	162,963	15.77
Food Lion +	2,111,267	+ 29.00	61,823	+ 29.00	0.21	93,266	299,926	12.58
Circle K	1,557,033	+ 25.51	33,421	+ 25.51	2.54	122,923	264,864	21.01
Nash Finch	1,440,471	+ 19.04	13,834	+ 19.04	1.88	70,642	198,426	22.95
Weis Markets	1,101,473	+ 8.29	60,144	+ 8.29	0.92	26,012	116,416	20.04
Shaw's	1,093,106	+ 20.20	16,198	+ 20.20	1.63	111,113	407,494	11.88
Borman's + (I)	1,072,998	+ 8.69	7,338	+ 8.69	0.85	27,338	88,312	16.02
Cullum Cos.	949,874	+ 2.41	18,094	+ 2.41	0.74	30,644	38,783	20.29
Sobeys Stores	918,456	+ 14.30	9,548	+ 14.30	1.67	4,152	119,078	24.35
Hannaford +	898,982	+ 11.40	18,817	+ 11.40	1.04	15,145	89,509	16.18
Ruddick	883,641	+ 0.20	13,425	+ 0.20	1.78	12,099	59,691	16.00
Big Bear*	861,650	+ 4.05	13,220	+ 4.05	1.52	38,865	119,801	16.05
Farm Fresh	811,757	+ 16.07	10,672	+ 16.07	1.81	22,279	118,736	11.41
Marsh Supermarkets	772,241	+ 7.48	6,695	+ 7.48	1.31	24,664	78,505	22.93
Pueblo Int'l. + (J)	692,101	+ 15.97	6,433	+ 15.97	0.90	19,076	115,304	9.84
Dechamps	688,632	+ 9.12	6,587	+ 9.12	1.10	10,465	50,637	14.14
Goody	664,307	+ 10.39	8,333	+ 10.39	1.16	12,072	55,899	13.06
Super Rite	602,464	+ 0.01	3,803	+ 0.01	0.91	15,823	72,187	11.09
Fisher Foods (K)	589,583	+ 19.15	3,210	+ 19.15	0.63	7,539	40,291	20.68
Big V	587,601	+ 4.81	6,139	+ 4.81	1.04	12,157	50,103	11.38
Penn Traffic (L)	547,991	+ 7.35	7,300	+ 7.35	1.33	13,920	62,321	10.63
King Kullen	531,369	+ 9.78	2,640	+ 9.78	0.50	4,932	35,528	11.71
Foodarama	471,886	+ 6.99	1,681	+ 6.99	0.67	3,489	26,916	7.43
Dairy Mart	399,006	+ 54.85	2,217	+ 54.85	0.86	(4,050)	26,724	6.25
Arden Group + (M)	398,834	+ 4.09	4,609	+ 4.09	1.37	9,838	40,925	7.48
Allied Supermkt. (N)	386,042	+ 19.97	8,072	+ 19.97	2.09	8,072	76,725	10.52

NOTE: The criterion for inclusion in this list is that the sales of each chain be at least \$350,000,000. In some instances comparative figures for 1985 have been reached for various reasons.

- (A) NA Not available
- (B) * 53 weeks in 1986; 52 weeks in 1985.
- (C) * 52 weeks in 1986; 53 weeks in 1985.
- † Safeway Stores was acquired by Kohlberg Kravis Roberts on Nov. 24, 1986; no current information is available.
- Twelve-month figures for Boys Markets are unavailable. Sales for the 12-week period ending 3/22/87 are \$113,651,000; for the 40-week period ending 12/28/86, \$373,836,000.

FOOTNOTES:

- (A) Net income of Kroger's includes discontinued operations in both years.
- (B) The revenues for Southland's store segment are \$8,038,591,000 in 1986 and \$8,097,375,000 in 1985; revenues include other income.
- (C) Net income of The Great A&P includes extraordinary gains of \$26,000,000 in 1986 and \$32,200,000 in 1985.

Net income of Lucky Stores includes discontinued operations in both years and extraordinary loss of \$7,315,000 in 1986.

- (D) Net income of Supermarkets General includes discontinued operations in both years.
- (E) Sales of Steinberg's includes operating revenues.
- (F) Net income of Stop & Shop includes discontinued operations in both years.
- (G) Net income of Oshawa Group includes extraordinary gains of \$4,023,000 in 1986 and \$126,000 in 1985.
- (H) Net income of Borman's includes extraordinary gains of \$2,910,000 in 1986 and \$2,380,000 in 1985.
- (I) Net income of Pueblo Int'l. includes extraordinary gains of \$610,000 in 1986 and \$6,587,000 in 1985.
- (J) Net income of Fisher Foods includes extraordinary gains of \$248,000 in 1986 and \$1,107,000 in 1985.
- (K) Penn Traffic was acquired by PTC Holdings, Inc. on Apr. 22, 1987.
- (L) Net income of Arden Group includes an extraordinary gain of \$15,328,000 in 1985.
- (M) Net income of Allied Supermarkets includes extraordinary gains of \$3,713,000 in 1986 and \$140,000 in 1985.
- (N)

1986 STATISTICS FOR LEADING DEPARTMENT STORES

Department Stores (000's Omitted)	Sales		% Chg.	Profits		% Chg.	Profit To Sales		Pre-Tax Profits		Shareholders' Equity		Profit/Aver. Equity 1986
	1986	1985		1986	1985		1986	1985	1986	1985	1986	1985	
Federated	\$10,512,000	\$9,978,000	+ 5.3	\$ 288,000	\$ 287,000	+ 0.3	2.7	2.9	\$ 567,041	\$ 533,276	\$2,662,554	\$2,707,268	10.7
May Dept. Stores	10,328,000	9,411,000	+ 9.7	381,000	347,000	+ 9.8	3.7	3.7	668,000	647,000	2,595,000	2,421,000	15.2
Dayton Hudson Corp.	9,259,100	8,255,100	+12.2	342,300	283,600	+20.7	3.7	3.4	494,200	517,800	2,179,500	1,974,355	16.5
Carter Hawley Hale (1)	4,089,794	3,977,913	+ 2.8	4,214	48,025	-91.2	0.1	1.2	113,015	70,125	324,207	359,354	1.2
Bonus Retail	2,471,280	2,174,954	+13.6	N/A	N/A	N/A	N/A	N/A	196,543	165,101	N/A	N/A	N/A
Mercantile	2,028,202	1,880,039	+ 7.9	111,065	102,448	+ 8.4	5.5	5.4	216,200	196,448	767,728	678,034	15.4
Dillard Dept. Stores	1,851,423	1,601,357	+15.6	74,458	66,903	+11.3	4.0	4.2	131,858	114,903	556,617	362,333	16.2
Carson Pirie Scott & Co.	1,412,859	1,301,890	+ 8.5	18,722	18,415	+ 1.7	1.3	1.4	33,922	27,315	230,500	211,800	8.5
Strawbridge & Clothier	739,117	686,929	+ 7.6	20,692	24,086	-14.1	2.8	3.5	41,734	46,755	167,922	151,504	13.0
Elder-Beckman Stores	380,850	352,183	+ 8.1	6,303	10,011	-37.0	1.7	2.8	10,354	11,786	67,116	60,849	9.9
D.H. Holmes	270,434	272,819	- 0.9	355	3,375	-89.5	0.1	1.2	(572)	2,922	67,883	69,770	0.5
Parisian	226,364	184,385	+22.8	9,592	8,257	+16.2	4.2	4.5	17,377	14,897	80,052	52,109	14.5
Crowley Milner & Co.	112,961	104,087	+ 8.5	1,740	1,815	- 4.1	1.5	1.7	2,498	2,585	21,521	20,290	8.3
TOTAL	43,682,384	40,180,856	+ 8.7	1,258,441	1,200,935	+ 4.8	2.9	3.0	2,492,170	2,350,913	9,720,600	9,068,666	13.4

1986 STATISTICS FOR LEADING SPECIALTY STORES

Specialty Stores (000's Omitted)	Sales		% Chg.	Profits		% Chg.	Profit To Sales		Pre-Tax Profits		Shareholders' Equity		Profit/Aver. Equity 1986
	1986	1985		1986	1985		1986	1985	1986	1985	1986	1985	
Melville Corp.	\$5,262,364	\$4,774,860	+10.2	\$238,332	\$219,812	+ 8.4	4.5	4.6	\$ 479,963	\$ 439,157	\$1,263,004	\$1,102,204	20.2
The Limited	3,142,696	2,387,110	+31.6	227,780	145,317	+56.7	7.2	6.1	394,780	239,317	781,542	404,075	38.4
Nordstrom's	1,629,918	1,301,857	+25.2	72,939	50,079	+45.6	4.5	3.8	140,289	87,379	451,196	314,119	19.1
Petrie Stores	1,198,391	1,160,845	+ 3.2	73,691	77,902	- 5.4	6.1	6.7	122,575	133,767	517,933	476,958	14.8
Edison Brothers	904,200	808,300	+11.9	33,900	27,000	+25.6	3.7	3.3	62,400	38,100	224,900	215,900	15.4
The Gap	848,009	647,333	+31.0	68,099	27,707	+145.8	8.0	4.3	137,228	61,158	211,953	151,643	37.5
Charming Shoppes	521,234	391,630	+33.1	40,469	28,726	+40.9	7.8	7.3	75,260	53,010	153,764	115,487	30.1
Jacobson's	308,460	275,038	+12.1	11,927	9,657	+23.5	3.9	3.5	21,775	16,097	58,276	46,439	22.8
Merry-Go-Round	207,483	164,119	+26.4	7,485	7,285	+ 2.7	3.6	4.4	14,664	13,453	42,484	34,963	19.3
Haverty Furniture	188,715	176,595	+ 6.9	7,250	10,284	-29.5	3.8	5.8	13,633	17,498	62,506	57,573	12.1
Deb Shops	181,412	147,104	+23.3	12,675	10,350	+21.9	7.0	7.0	24,015	19,705	50,323	39,127	28.2
Evans	142,121	134,376	+ 5.8	2,090	1,733	+20.6	1.5	1.3	4,354	2,877	52,706	37,277	4.6
Paul Harris Stores	160,966	125,864	+27.9	6,157	4,757	+29.4	3.8	3.8	11,395	8,447	44,746	37,939	14.9
Gantios*	98,359	75,049	+31.0	4,508	3,096	+45.6	4.6	4.1	7,781	5,190	25,425	10,495	25.1
Kenwin Shops, Inc.	27,934	29,504	- 5.3	(399)	611	N/A	N/A	2.1	(714)	1,135	7,185	7,909	N/A
TOTAL	14,822,262	12,599,584	+17.6	806,843	624,316	+29.2	5.4	5.0	1,509,398	1,136,290	3,947,943	3,052,108	23.1

FOOTNOTES:

* New issue 1986.

1. Included special charges related to a major restructuring.

(Reprinted from Daily News Record — August 31, 1987.)

1986 STATISTICS FOR LEADING DRUG CHAINS

Company†	Sales (000's)	% Chg.	Net Income (000's)	% Chg.	% Net Income to Sales	Pre-Tax Income (000's)	Shareholders' Equity (000's)	% Net Income to Shareholders' Equity
	1986		1986		1986	1986	1986	1986
Inasco (A)	\$5,625,074	+ 5.63	\$183,367	+ 29.87	3.26	\$267,947	\$2,102,918	8.73
Walgreen	3,660,553	+ 15.77	103,137	+ 9.52	2.82	187,626	553,611	18.63
Rite Aid (B)	1,756,706	+ 12.31	77,984	+ 24.68	4.44	132,983	480,974	19.58
Longs Drug	1,635,442	+ 10.44	38,594	+ 2.32	2.36	74,894	452,544	15.72
Perry Drug (C)	647,987	+ 24.23	5,878	+ 38.61	0.91	8,711	290,444	13.29
Pay 'n Save (D)	\$55,098	- 26.51	(49,363)	—	—	—	81,570	7.21
Pay 'n Drug	452,300	+ 1.61	4,098	+ 47.04	0.91	6,835	103,503	—
Genesee Drug	270,760	+ 16.12	2,035	+ 30.52	0.75	4,228	55,218	7.42
							26,388	7.71

NOTE: The criterion for inclusion in this list is that the sales of the chain be at least \$200,000,000.

() Designates a loss.

+ 53 weeks in 1986; 52 weeks in 1985.

+ 52 weeks in 1986; 53 weeks in 1985.

N.A. Not Available

†

K mart Corporation owns Pay Less Drug Stores but does not break down its revenues by line of business.
Pacifi Light Corporation acquired Thrifty Corporation but does not break down its revenues by line of business.

FOOTNOTES:

(A) Net income of Inasco includes an extraordinary loss of \$29,079,000 in 1986.

(B) Net income of Rite Aid includes discontinued operations in 1985.

(C) Drugstore segment sales for Perry Drug are \$486,988,000 in 1986 and \$383,315,000 in 1985.

(D) Pay 'n Save is a corporate joint venture with 40.6% of its outstanding stock owned by each of Seacorp, Inc. and Zimmerman Retailing Group Ltd.

1986 STATISTICS FOR LEADING SHOE CHAINS

Company	Sales (000's)	% Chg.	Net Income (000's)	% Chg.	% Net Income to Sales	Pre-Tax Income (000's)	Shareholders' Equity (000's)	% Net Income to Shareholders' Equity
	1986		1986		1986	1986	1986	1986
Melville Corp. (A)	\$5,262,364	+ 10.21	\$238,332	+ 13.05	4.53	\$479,963	\$1,263,004	18.87
INTERCO	2,613,739	+ 4.10	98,643	+ 6.82	3.77	188,180	1,148,948	8.59
United States Shoe	2,003,246	+ 4.32	25,472	- 60.74	1.27	49,472	1,111,293	8.31
Nordstrom	1,629,918	+ 25.20	72,939	+ 45.65	4.48	140,239	488,818	5.21
Brown Group (B)	1,400,196	+ 0.01	40,138	+ 6.15	2.87	69,813	451,196	16.17
Edison Bros. + (C)	904,200	+ 11.86	33,900	+ 25.56	3.75	62,400	346,960	11.57
Morse Shoe +	585,591	+ 8.25	9,733	+ 35.86	1.66	14,121	224,900	15.07
Genesco (D)	514,589	- 4.44	20,426	+ 3.97	1.32	15,220	138,548	7.03
Stride Rite (E)	283,457	+ 2.22	17,014	+ 52.21	6.00	27,630	75,653	27.00
							122,729	13.86

NOTE: The criterion for inclusion in this list is that the sales of the chain be at least \$200,000,000.

() Designates a loss.

+ 53 weeks in 1986; 52 weeks in 1985.

+ 52 weeks in 1986; 53 weeks in 1985.

N.A. Not Available

FOOTNOTES:

(A) Sales of Melville's footwear division totaled \$1,532,850,000 in 1986 and \$1,506,243,000 in 1985. Net income includes discontinued operations in 1985.

(B) Net income of Brown Group includes discontinued operations in 1985.

(C) Net income of Edison Bros. includes discontinued operations in 1985.

(D) Net income of Genesco includes discontinued operations in both years and extraordinary gain of \$5,199,000 in 1986.

(E) Net income of Stride Rite includes an extraordinary gain of \$489,000 in 1985.

1986 STATISTICS FOR LEADING MASS MERCHANDISERS

Mass Merchandisers (000's Omitted)	Sales 1986	Sales 1985	% Chg.	Profits 1986	Profits 1985	% Chg.	Profit To Sales 1986	Profit To Sales 1985	Pre-Tax Profits 1986	Pre-Tax Profits 1985	Shareholders' Equity 1986	Shareholders' Equity 1985	Profit/ Aver. Equity 1986
Sears, Roebuck (1)	\$27,074,300	\$26,552,300	+ 2.0	\$ 736,000	\$ 765,700	- 3.9	2.7	2.9	\$1,485,500	\$1,413,600	\$6,635,000	\$6,560,500	11.2
K mart	23,812,000	22,035,000	+ 8.1	570,000	472,000	+ 20.8	2.4	2.1	1,028,000	757,000	3,939,000	3,273,000	15.8
J.C. Penney	14,740,000	13,747,000	+ 7.2	497,000	386,000	+ 28.8	3.4	2.8	925,000	683,000	4,340,000	4,051,000	11.8
F.W. Woolworth	6,501,000	5,958,000	+ 9.1	214,000	177,000	+ 20.9	3.3	3.0	374,000	314,000	1,484,000	1,223,000	15.8
Montgomery Ward	4,383,000	5,383,000	- 18.6	106,000	42,000	+152.4	2.4	0.8	198,000	78,000	1,456,000	1,420,000	7.4
TOTAL	76,510,300	73,675,300	+ 3.8	2,123,000	1,842,700	+ 15.2	2.8	2.5	4,010,500	3,245,600	17,854,000	16,537,500	12.3

1986 STATISTICS FOR DISCOUNT STORES

Discount Stores (000's Omitted)	Sales 1986	Sales 1985	% Chg.	Profits 1986	Profits 1985	% Chg.	Profit To Sales 1986	Profit To Sales 1985	Pre-Tax Profits 1986	Pre-Tax Profits 1985	Shareholders' Equity 1986	Shareholders' Equity 1985	Profit/ Aver. Equity 1986
Wal-Mart Stores	\$11,909,076	\$ 8,451,489	+40.9	\$450,086	\$327,473	+37.4	3.8	3.9	\$ 846,026	\$603,592	\$1,690,493	\$1,277,659	30.3
Zayre	5,350,638	4,036,018	+32.6	88,974	94,647	- 6.0	1.7	2.4	172,483	176,597	652,314	605,775	14.1
Ames Dept. Stores	1,888,471	1,512,748	+24.8	27,129	40,367	-32.8	1.4	2.7	54,257	72,363	394,200	367,800	7.1
Rose's Stores	1,198,941	1,009,208	+18.8	24,049	20,322	+18.3	2.0	2.0	43,599	34,022	181,109	160,828	14.1
Jamesway	612,392	523,146	+17.1	12,124	9,252	+31.0	2.0	1.8	23,094	15,620	109,391	97,314	11.7
Family Dollar	487,735	410,088	+18.9	30,510	28,007	+ 8.9	6.3	6.8	57,539	52,005	141,294	115,678	23.7
Danvers, Inc.	149,718	171,313	-12.6	(19,118)	(365)	N/A	N/A	N/A	(19,079)	(374)	(3,646)	15,472	N/A
TOTAL	21,596,971	16,114,010	+34.0	613,754	519,703	+18.1	2.8	3.2	1,177,919	933,825	3,165,155	2,640,526	21.1

1986 STATISTICS FOR LEADING OFF-PRICE STORES

Off-Price Stores (000's Omitted)	Sales 1986	Sales 1985	% Chg.	Profits 1986	Profits 1985	% Chg.	Profit To Sales 1986	Profit To Sales 1985	Pre-Tax Profits 1986	Pre-Tax Profits 1985	Shareholders' Equity 1986	Shareholders' Equity 1985	Profit/ Aver. Equity 1986
Burlington Coat Factory (2)	\$381,792	\$343,113	+11.3	\$17,326	\$16,088	+ 7.7	4.5	4.7	\$ 32,940	\$29,171	\$130,060	\$112,120	14.3
Syns	223,071	215,168	+ 3.7	14,773	12,715	+16.2	6.6	5.9	29,731	26,403	81,031	66,258	20.1
Clothesline	160,334	126,531	+26.7	11,908	10,005	+19.0	7.4	7.9	23,902	19,038	34,726	22,580	41.6
Dress Barn (3)	135,828	103,016	+31.8	9,161	5,303	+72.7	6.7	5.2	17,671	10,551	26,193	16,733	42.7
Allison's Place*	22,828	19,862	+14.9	315	1,017	-69.0	1.4	5.1	604	1,233	6,607	702	8.6
TOTAL	923,853	807,690	+14.4	53,483	45,128	+18.5	5.8	5.6	104,848	86,396	278,617	218,393	21.5

1986 STATISTICS FOR OTHER LEADING RETAILERS

Miscellaneous (000's Omitted)	Sales 1986	Sales 1985	% Chg.	Profits 1986	Profits 1985	% Chg.	Profit To Sales 1986	Profit To Sales 1985	Pre-Tax Profits 1986	Pre-Tax Profits 1985	Shareholders' Equity 1986	Shareholders' Equity 1985	Profit/ Aver. Equity 1986
Stop & Shop	\$3,872,419	\$3,429,508	+12.9	38,400	30,300	+26.7	1.0	0.9	82,125	51,700	431,028	405,670	9.2
Interco	2,613,739	2,510,740	+ 4.1	98,643	92,347	+ 6.8	3.8	3.7	188,180	178,855	1,148,948	1,111,293	8.7
Rapid-American	994,726	1,893,500	-47.5	(20,471)	85,140	N/A	N/A	4.5	(24,606)	65,477	81,702	109,968	N/A
Dollar General	564,782	584,437	- 3.4	4,318	17,829	-75.8	0.8	3.1	7,629	34,779	108,789	107,955	4.0
New Process	359,609	329,717	+ 9.1	17,695	19,170	- 7.7	4.9	5.8	35,740	38,579	81,246	75,962	22.5
TOTAL	8,405,275	8,747,902	- 3.9	138,585	244,786	-43.4	1.6	2.8	289,068	369,390	1,851,713	1,810,848	7.6

FOOTNOTES:

(Losses)

* New issue 1986.

1. Merchandising division.

2. Fiscal year ended October 31.

3. Fiscal year ended July 31.

(Reprinted from Daily News Record — August 27, 1987)

LEADING FOOD CHAIN AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$3,248,820,000	\$2,991,306,000	+ 8.61
Net Income	42,324,000	41,263,000	+ 2.57
Pre-Tax Income	68,286,000	66,872,000	+ 2.11
Shareholders' Equity	300,156,000	276,319,000	+ 8.63
%Net Income to Sales	1.30	1.38	- 5.80
%Net Income to Shareholders' Equity	14.10	14.93	- 5.56

LEADING FOOD CHAIN HISTORICAL AVERAGES

(Average)	Sales	Net Income
1986	\$3,248,820,000	\$42,324,000
1985	2,991,306,000	41,263,000
1984	3,483,547,000	43,236,000
1983	3,878,137,000	42,921,000
1982	3,642,425,000	37,662,000
1981	3,377,345,000	34,437,000
1980	2,989,624,000	29,390,000
1979	2,520,472,000	19,965,000
1978	2,345,823,000	21,389,000
1977	1,973,834,000	16,623,000

LEADING DRUG CHAIN AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$1,825,490,000	\$1,685,907,000	+ 8.28
Net Income	45,741,000	56,697,000	- 19.32
Pre-Tax Income	97,603,000	114,120,000	- 14.47
Shareholders' Equity	458,274,000	369,150,000	+ 24.14
%Net Income to Sales	2.51	3.36	- 25.30
%Net Income to Shareholders' Equity	9.98	15.36	- 35.03

LEADING DRUG CHAIN HISTORICAL AVERAGES

(Average)	Sales	Net Income
1986	\$1,825,490,000	\$45,741,000
1985	1,685,907,000	56,697,000
1984	2,950,485,000	73,944,000
1983	2,961,222,000	71,191,000
1982	1,473,850,000	36,843,000
1981	1,326,068,000	33,488,000
1980	1,154,711,000	27,073,000
1979	611,382,000	16,477,000
1978	568,427,000	14,646,000
1977	497,001,000	12,023,000

LEADING SHOE CHAIN AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$1,688,589,000	\$1,563,646,000	+ 7.99
Net Income	61,844,000	51,927,000	+ 19.10
Pre-Tax Income	116,338,000	105,943,000	+ 9.81
Shareholders' Equity	473,417,000	432,371,000	+ 9.49
%Net Income to Sales	3.66	3.32	+ 10.24
%Net Income to Shareholders' Equity	13.06	12.01	+ 8.74

LEADING SHOE CHAIN HISTORICAL AVERAGES

(Average)	Sales	Net Income
1986	\$1,688,589,000	\$61,844,000
1985	1,563,646,000	51,927,000
1984	1,463,152,000	51,793,000
1983	1,543,009,000	64,782,000
1982	1,363,954,000	48,090,000
1981	1,277,904,000	55,256,000
1980	1,130,326,000	48,644,000
1979	986,516,000	45,213,000
1978	874,593,000	39,677,000
1977	758,527,000	32,401,000

LEADING DEPARTMENT STORE AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$3,360,183,000	\$3,090,835,000	+ 8.7
Net Income	104,870,000	100,078,000	+ 4.8
Pre-Tax Income	191,705,000	180,839,000	+ 6.0
Shareholders' Equity	810,050,000	755,722,000	+ 7.2
%Net Income to Sales	3.1	3.2	- 3.1
%Net Income to	12.9	13.2	- 2.3
Shareholders' Equity			

LEADING MASS MERCHANDISER AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$15,302,060,000	\$14,735,060,000	+ 3.8
Net Income	424,600,000	368,540,000	+15.2
Pre-Tax Income	802,100,000	649,120,000	+23.6
Shareholders' Equity	3,570,800,000	3,307,500,000	+ 8.0
%Net Income to Sales	2.8	2.5	+12.0
%Net Income to	11.9	12.1	+ 7.2
Shareholders' Equity			

LEADING OFF-PRICE STORE AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$184,771,000	\$161,538,000	+14.4
Net Income	10,697,000	9,026,000	+18.5
Pre-Tax Income	20,970,000	17,279,000	+21.4
Shareholders' Equity	55,723,000	43,679,000	+27.6
%Net Income to Sales	5.8	5.6	+ 3.6
%Net Income to	19.2	20.7	- 7.2
Shareholders' Equity			

LEADING SPECIALTY STORE AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$988,151,000	\$839,972,000	+17.6
Net Income	53,790,000	41,621,000	+29.2
Pre-Tax Income	100,627,000	75,753,000	+38.8
Shareholders' Equity	263,196,000	203,474,000	+29.4
%Net Income to Sales	5.4	5.0	+ 8.0
%Net Income to	20.4	20.5	- 0.5
Shareholders' Equity			

LEADING DISCOUNTER AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$3,085,282,000	\$3,730,573,000	-17.3
Net Income	87,679,000	74,243,000	+18.1
Pre-Tax Income	168,274,000	136,261,000	+23.5
Shareholders' Equity	452,165,000	377,218,000	+19.9
%Net Income to Sales	2.8	2.0	+40.0
%Net Income to	19.4	19.7	- 1.5
Shareholders' Equity			

OTHER LEADING RETAILER AVERAGES

(Average)	1986	1985	% Change
Sales.....	\$1,681,055,000	\$1,749,580,000	- 3.9
Net Income	27,717,000	48,957,000	-43.4
Pre-Tax Income	57,814,000	73,878,000	-21.7
Shareholders' Equity	370,343,000	362,170,000	+ 2.3
%Net Income to Sales	1.6	2.8	-42.9
%Net Income to	7.5	13.5	-44.4
Shareholders' Equity			

LEADING RETAIL COMPANIES BY PROFIT-TO-SALES RATIO

FOOD CHAINS

Lucky Stores	3.51
Food Lion	2.57
Southland	2.33
Allied Supermks.	2.09
Hannaford	2.09
Circle K	1.88
Albertson's	1.86
Giant Food	1.84
Cullum Cos.	1.75
Big Bear	1.53
Ruddick	1.52
Shaw's	1.48
Winn-Dixie	1.42
Oshawa	1.34

DEPARTMENT STORES

Mercantile	5.5
Parisian	4.2
Dillard Dept. Stores	4.0
Dayton Hudson	3.7
May Dept. Stores	3.7
Strawbridge & Clothier	2.8
Federated	2.7
Elder-Beerman	1.7
Crowley Milner	1.5
Carson Pirie Scott	1.3
D.H. Holmes	0.1
Carter Hawley Hale	0.1

SPECIALTY STORES

The Gap	8.0
Charming Shoppes	7.8
The Limited	7.2
Deb Shops	7.0
Petrie Stores	6.1
Gantos	4.6
Nordstrom's	4.5
Melville	4.5
Jacobson's	3.9
Paul Harris Stores	3.8
Haverty Furniture	3.8
Edison Bros.	3.7
Merry-Go-Round	3.6
Evans	1.5

DRUG CHAINS

Rite Aid	4.44
Walgreen	2.82
Longs Drug	2.36
Imasco	3.78
Perry Drug	0.91
Fay's Drug	0.91
Genovese	0.75

SHOE CHAINS

Stride Rite	6.00
Melville Corp.	4.53
Nordstrom	4.48
INTERCO	3.77
Brown Group	3.75

MASS MERCHANDISERS

J.C. Penney	3.4
F.W. Woolworth	3.3
Sears, Roebuck	2.7
Montgomery Ward	2.4
K mart	2.4

DISCOUNTERS

Family Dollar	6.3
Wal-Mart	3.8
Jamesway	2.0
Roses' Stores	2.0
Zayre	1.7

OFF-PRICE STORES

Clothestime	7.4
Dress Barn	6.7
Syms	6.6
Burlington Coat Factory	4.5
Allison's Place	1.4

OTHER RETAILERS

New Process	4.9
INTERCO	3.8
Stop & Shop	1.0
Dollar General	0.8

ACA JOE

(formerly Inmar Corporation)

915 Front Street
San Francisco, California 94111
(415) 566-5850

Officers: Walter A. Singer, chairman of the board & acting chief exec. officer; Harry R. Krantz, president; Theodore R. Uptand, III, chief financial officer, v.p.-finance & administration; Kathleen M. Callahan, v.p., general counsel & asst. secretary; Mark P. Zamberlin, secretary.

Directors: Walter A. Singer, chairman; Harry R. Krantz, Joseph S. Rank, William A. Meyer, Richard S. Nair, A. Dan Phillips, Bernard M. Frank, Sheldon H. Sloan, Donald A. Karas.

Business Activities: Operates 11 stores in California that retail ACA JOE clothing, which is colorful, upscale mens' activewear. Also licenses others to operate ACA JOE stores. As of May 1, 1986, there were 41 licensed stores operating in 20 states.

Subsidiary:

ACA JOE International

Number of Stores: (at fiscal year end)

1986 11

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 12,846,792	\$ 860,998
1985*	12,774,451	(2,972,306)
1984	16,894,730	(2,852,793)
1983	18,701,656	(72,219)
1982	17,870,119	490,768

	No. of Com. Shares ‡	Earn. per Share ‡
1986	12,309,735	\$ 0.07
1985*	8,530,665	—
1984	6,479,718	—
1983	4,411,673	—
1982	3,408,316	0.14

(Loss)

* 53 weeks.

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1985	\$ 10,441,725	\$ 0.85
1984	(252,992)	—
1983	2,586,124	0.40
1982	3,659,036	0.83
1981	3,730,295	1.09

(Deficiency)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	2/2/86	2/3/85
Wholesale sales	\$ 4,529,432	\$ 365,548
Retail sales	3,597,360	11,973,903
Licensing revenue	4,720,000	405,000
Total Sales	\$ 12,846,792	\$ 12,744,451
Cost of sales	6,937,645	7,032,575
Expenses	4,624,023	7,133,901
Interest expense	158,740	277,801
Interest income	(425,748)	(48,060)
Other income	(18,030)	(255,702)
Consideration to debent. holders	231,000	—
Pooling costs	173,434	—
Inc. (loss) bef. taxes	\$ 1,165,728	\$ (1,396,064)
Income taxes	285,100	—

Loss from -discount. oper.	880,628	\$ (1,396,064)
Loss from discount. oper.	(19,630)	(1,576,242)

Net Income (Loss) \$ 860,998 \$ (2,972,306)

* Included in Costs and Expenses, Depreciation and Amortization: \$303,276 in 1986 and \$460,531 in 1985.

As of	2/2/86	2/3/85
Assets		
Cash	\$ 956,243	\$ 393,141
Int. bearing deposits	5,953,705	1,211,000
Accts. receiv., net	3,936,430	1,257,412
*Inventories	4,323,467	423,965
Prepaid expenses	553,342	39,625
Current Assets	\$ 15,723,187	\$ 3,325,143
*Fixed assets	3,229,987	618,729
Other assets	422,999	261,590
Total Assets	\$ 19,376,173	\$ 4,205,462

	2/2/86	2/3/85
Liabilities		
Notes payable	\$ 575,253	\$ 555,556
Long-term debt, curr.	81,763	7,650
Cap. lease oblig., curr.	695,015	115,862
Accts. payable & accruals	5,798,492	1,934,703
Accts. payable - related parties	572,000	22,500
Accrued liab. - discount. oper.	130,478	610,789

Curr. Liabilities	\$ 7,346,251	\$ 3,220,181
Long-term debt	173,182	1,091,170
Cap. lease oblig.	695,015	115,862
Deferred income	720,000	31,241
+ Common stock	1,344,809	867,627
Add. paid-in capital	13,329,869	3,924,507
Accum. deficit	(4,232,953)	(5,045,126)

Total Liabilities & Shareholders' Equity \$ 19,376,173 \$ 4,205,462

* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation.

+ \$0.10 par value.

Statistical Summary

%Net Income to Equity	8.25	—
Debt to Equity	0.21	—
Working Capital	\$ 8,376,936	\$ 104,962
Current Ratio	2.14	1.03
Shareholders' Equity (Deficiency)	\$10,441,725	\$(252,992)

Aileen, Inc.

331 East 38th Street
New York, New York 10016
(212) 679-7010

Officers: Abe Oberlin, chairman of the board & president; C.W. Lillard, Francis Holden, v.p.'s; Harold J. Lash, v.p., treasurer & asst. secretary; Alvin M. Stein, secretary.

Directors: Abe Oberlin, Wilbur L. Ross, Jr., Isidor B. Seidler, Francis Holden, Harold J. Lash, C.W. Lillard.

Business Activities: Manufactures women's apparel and markets it through its 83 factory-outlet stores.

Divisions:

Aileen Division

1411 Broadway

New York, New York 10018

Manufactures and markets moderately priced active sports-wear for the young woman.

The Aileen II Division

1411 Broadway

New York, New York 10018

Manufactures large-sized women's clothing.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York**Ticker Symbol:** AEE**Number of Stores:** (at fiscal year end)

1986	83	1984	31
1985	44		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 44,774,000	\$ (2,403,000)
1985	53,259,000	112,000
1984*	54,205,000	(1,951,000)
1983	49,798,000	(193,000)
1982	52,852,000	(4,566,000)

	No. of Com. Shares	Earn. per Share
1986	5,087,180	\$ —
1985	5,075,888	—
1984*	5,075,534	—
1983	5,067,826	—
1982	5,067,488	—

(Loss)

* 53 weeks.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 29,182,000	\$ 5.72
1985	31,511,000	6.21
1984	31,399,000	6.19
1983	33,343,000	6.57
1982	33,520,000	6.61

Income Account *

Year ended	11/1/86	11/2/85
Net sales	\$ 44,774,000	\$ 53,259,000
Other income	271,000	75,000
Total income	\$ 45,045,000	\$ 53,334,000
Cost of sales	30,614,000	38,703,000
Expenses	15,384,000	13,873,000
Interest expense	50,000	246,000
Prov. for idle plant costs	1,400,000	400,000
Net Income (Loss)	\$ (2,403,000)	\$ 112,000

* Included in Costs and Expenses, Depreciation and Amortization: \$2,163,000 in 1986 and \$2,270,000 in 1985.

As of	11/1/86	11/2/85
Assets		
Cash	\$ 1,185,000	\$ 985,000
Accts. receiv., net	6,415,000	11,421,000
*Inventories	13,001,000	9,046,000
Other assets	410,000	280,000
Current Assets	\$ 21,011,000	\$ 21,732,000
*Fixed assets	12,755,000	13,499,000
Fixed assets held for sale	5,221,000	6,221,000
Other assets	213,000	98,000
Total Assets	\$ 39,200,000	\$ 41,550,000
Liabilities		
Bank loan	\$ 2,171,000	\$ 2,101,000
Long-term debt, curr.	769,000	769,000
Accts. payable	3,016,000	1,926,000
Accruals	2,524,000	2,935,000
Curr. Liabilities	\$ 8,480,000	\$ 7,731,000
Long-term debt	1,538,000	2,308,000
+ Common stock	5,103,000	5,076,000
Add. paid-in capital	11,446,000	11,399,000
Retained earnings	12,633,000	15,036,000
Total Liabilities & Shareholders' Equity	\$ 39,200,000	\$ 41,550,000

Aileen, Inc.

* At lower of cost (FIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$1 per value.

Statistical Summary

%Net Income to Sales	—	0.21
%Net Income to Equity	—	0.36
Sales to Inventories	3.44	5.89
Debt to Equity	0.03	0.10
Working Capital	\$12,531,000	\$14,001,000
Current Ratio	2.48	2.81
Shareholders' Equity	\$29,182,000	\$31,511,000

Albertson's, Inc.

P.O. Box 20
 230 Parkcenter Boulevard
 Boise, Idaho 83726
 (208) 385-6200

Officers: J.A. Albertson, chairman of the exec. committee; Warren E. McCain, chairman of the board & chief exec. officer; John B. Carley, president; Kenneth R. Huff, exec. v.p.-distribution; Gary G. Michael, vice-chairman & chief financial & corporate development officer; C. Clinton Joyce, sr. v.p.-management information systems; Alec R. Glath, sr. v.p.-store planning; Michael F. Reuling, exec. v.p.-store development; Gerald R. Rudd, sr. v.p.-human resources; Wendell E. Hornecker, sr. v.p.-design & construction; Thomas R. Saldin, sr. v.p. & general counsel; W.L. Jordan, exec. v.p.-retail operations; Craig Olson, group v.p.-finance; vice presidents: Robert C. Braun-distribution; David I. Connolly-treasurer; Harvey S. Durand-drug div.; Dennis R. Graves-general merchandise sales; Peter W. Gustavsen-distribution; James L. Jackson-dairy operations; Alfred A. Kasner-grocery sales; Kenneth R. Kramer-service delicatessen sales; Lee F. Levy-private label operations; Leland M. Pollock-meat sales; M. Jed Pritchett, Jr.-industrial relations; Richard C. Rowe-produce & liquor sales; Patrick S. Steel-systems; Jerry R. Timm-controller; Steven D. Young-personnel; Russell C. Blake-bakery sales; John B. Iverson-risk mgmt.; Don C. Mel-drum-employer development; Richard J. Navarro-property & tax accounting; Minnie O. Armstrong, secretary; Ada A. Connor, Carol L. Wood, asst. secretaries; John G. Danielson, asst. treasurer.

Directors: J.A. Albertson, Kathryn Albertson, R.V. Hansberger, B.Z. Kastler, Warren E. McCain, John B. Fery, Charles D. Lein, John B. Carley, Gary G. Michael, David Little, James E. Bruce, H.F. Magnuson.

Business Activities: Operates 452 stores in 17 western and southern states, broken down into 200 conventional supermarkets, 124 superstores, and 102 combination food-drug units, and 26 warehouse stores.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
 30 West Broadway
 New York, New York 10007

The Idaho First National Bank
 Boise, Idaho

Stock Exchange(s): New York, Pacific

Ticker Symbol: ABS

Number of Stores: (at fiscal year end)

1987	452	1984	432
1986	444	1983	416
1985	434		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1987	\$ 5,379,643	\$ 300,152
1986	5,060,265	85,110
1985	4,735,724	79,746
1984	4,279,331	70,281
1983	3,940,117	58,375
	No. of Com. Shares	Earn. per Share
1987	33,333,423	\$ 3.00
1986	33,170,493	2.57
1985	32,951,888	2.42

1984	32,728,664	2.15
1983	30,631,626	1.91

* 53 weeks.

† Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.84	—	—
1986	0.76	—	—
1985	0.68	—	—
1984	0.60	—	2-for-1
1983	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 594,379,000	\$ 17.79
1986	518,709,000	15.60
1985	454,419,000	13.75
1984	391,847,000	11.93
1983	340,348,000	10.44

Income Account *

Year ended	1/29/87	1/30/86
Net sales	\$ 5,379,643	\$ 5,060,265
Cost of sales	4,168,578	3,948,698
Expenses	1,022,420	953,432
Interest expense	9,961	9,936
Other income	(6,097)	(6,575)
Income before taxes	\$ 184,781	\$ 154,774
Income taxes	84,629	69,664
Net Income	\$ 100,152	\$ 85,110

* Included in Costs and Expenses, Depreciation and Amortization: \$66,402,000 in 1987 and \$59,978,000 in 1986.

Assets (000's)

As of	1/29/87	1/30/86
Cash & short-term securities	\$ 245,762	\$ 196,850
Accts. & notes receiv., net	40,462	34,526
*Inventories	316,473	301,985
Prepaid expenses	7,553	5,315
Def. inc. tax benefits	15,004	11,030
Current Assets	\$ 625,284	\$ 549,706
#Fixed assets	609,141	539,744
Other assets	25,853	23,053
Deferred income tax benefits	4,378	5,365
Total Assets	\$ 1,264,656	\$ 1,117,868

Liabilities (000's)

Long-term debt, curr.	\$ 5,461	\$ 5,329
Accts. payable	278,781	237,326
Accrued payroll	52,000	45,078
Income taxes	13,504	8,088
Other taxes	15,307	14,482
Oblig. under cap. leases, curr.	4,201	4,057
Other liab.	10,785	11,153
Curr. Liabilities	\$ 380,039	\$ 350,562
Long-term debt	75,003	78,491
Oblig. under cap. leases	112,220	109,943
Deferred invest. credit	14,381	17,123
Deferred rents payable	40,081	31,722
Deferred compensation	14,051	11,318
Other liabilities	34,502	25,049
+ Common stock	33,408	33,249
Adv. paid-in capital	82,266	78,883
Retained earnings	478,705	406,577
Total Liabilities & Shareholders' Equity	\$ 1,264,656	\$ 1,117,868

* At LIFO cost.

† Less accumulated depreciation and amortization.
 + \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	3.43	3.06
%Net Income to Sales	1.86	1.68
%Net Income to Equity	16.85	16.41
Sales to Inventories	17.00	16.76
Debt to Equity	0.13	0.38
Working Capital	\$245,245,000	\$224,193,000
Current Ratio	1.65	1.69
Shareholders' Equity	\$594,379,000	\$518,709,000

Alexander's, Inc.

500 Seventh Avenue
 New York, New York 10018
 (212) 560-2121

Officers: Robin L. Farkas, chairman of the board & chief executive officer; Bruce R. Farkas, chairman of the executive committee, vice chairman of the board & chief operating officer; Roger A. Barrer, co-president; Louis Powell, co-president; Leon Peck, sr. v.p.-control; Robert Mullen, sr. v.p. & gen. mdse. mgr.; Merrie Ryan, sr. v.p. & gen. mdse. mgr.; William H. Pavony, sr. v.p.-finance; Edwin Dreher, v.p.-loss prevention; Joan R. Carstens, Murray Cohen, David C. Rubin, Robert G. Spevak, vice presidents & divisional merchandise managers; Donald W. Madsen, v.p.-construction & plant; Raphael Present, v.p.-director of stores; Donald Sharon, v.p. & director of warehouses; Harvey B. Wetson, v.p.-store planning; Thomas M. Coleman, v.p.-financial administration; Patrick C. Raccioppi, v.p.-advertising director; Brian M. Kurtz, v.p. & controller; Herbert Paul, Tax counsel.

Directors: Robin L. Farkas*, chairman of the board; Bruce R. Farkas*, Roger Barrer, David A. Goldberg, Eugene M. Lang, Neil Underberg*, Martin Roaman*, Stephen Mann, Thomas R. DiBenedetto*, Phillip Gordon*, David G. Marshall, Robert A. Moor*, Arthur I. Sonnenblick, Molly M. South, Richard West.

* Member of the Executive Committee.

Business Activities: Operates a chain of department stores in the greater New York metropolitan area.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
 Manufacturers' Stock Transfer Department
 P.O. Box 24935
 Church Street Station
 New York, N.Y. 10249

Stock Exchange(s): New York

Ticker Symbol: ALX

Number of Stores: (at fiscal year end)

1986	14	1983	15
1985	15	1982	16
1984	15		

Sales and Earnings

	Net Sales \$	Net Income
1986	\$ 520,129,000	\$ 4,058,000
1985	520,045,000	5,011,000
1984	517,336,000	4,009,000
1983	511,336,000	4,633,000
1982	506,781,000	3,222,000
	No. of Com. Shares	Earn. per Share
1986	4,530,328	\$ 0.91
1985	4,519,168	1.11
1984	4,519,168	0.89
1983	4,519,168	1.03
1982	4,519,168	0.71

† Including leased departments.

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 77,367,000	\$ 17.08
1985	72,913,000	16.13
1984	67,902,000	15.03
1983	63,893,000	14.14
1982	59,260,000	13.11

Income Account *
(000's)

Year ended	7/26/86	7/27/85
Net sales	\$ 520,129	\$ 520,045
Cost of sales	387,388	384,170
Expenses	123,448	121,539
Interest expense	5,143	5,510
Income before taxes	\$ 4,150	\$ 8,826
Income taxes	1,460	3,815
Cum. effect of change in acctg.	(1,408)	—
Net Income	\$ 4,098	\$ 5,011

* Included in Costs and Expenses, Depreciation and Amortization: \$7,367,000 in 1986 and \$7,442,000 in 1985.

Assets
(000's)

As of	7/26/86	7/27/85
Cash	\$ 3,733	\$ 3,718
Short-term invest.	11,000	6,000
*Inventories	52,945	54,847
Other curr. assets	10,749	9,001
Current Assets	\$ 78,427	\$ 73,566
#Fixed assets	67,826	93,153
Investments	36,389	9,238
Other assets	1,798	1,877
Total Assets	\$ 184,440	\$ 177,834

Liabilities
(000's)

Long-term debt, curr.	\$ 4,024	\$ 5,458
Accts. payable	27,764	23,299
Income taxes	144	206
Other taxes	4,288	4,744
Curr. Liabilities	\$ 36,220	\$ 33,707
Long-term debt	64,155	63,428
Deferred inc. taxes	6,698	7,786
+ Common stock	4,728	4,717
Add. paid-in capital	9,843	9,498
Retained earnings	63,895	59,797
Treasury stock	(1,099)	(1,099)
Total Liabilities & Shareholders' Equity	\$ 184,440	\$ 177,834

* At lower of cost (FIFO) or market, as determined by the retail inventory method.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	0.80	1.70
%Net Income to Sales	0.79	0.96
%Net Income to Equity	5.30	6.87
Sales to Inventories	9.82	9.48
Debt to Equity	0.88	0.94
Working Capital	\$42,207,000	\$39,859,000
Current Ratio	2.17	2.18
Shareholders' Equity	\$77,367,000	\$72,913,000

Allied Stores Corporation

(Acquired by Campeau Corporation on October 31, 1986)

1114 Avenue of the Americas
New York, New York 10036
(212) 764-2000

Officers: Robert Campeau, chairman of the board & chief executive officer; Donald F. Dunn, sr. v.p. & exec. group mgr.; Howard E. Hassler, president & chief operating officer; Ronald Tysoc, v.p. & secretary; Joseph J. Calandro, Jr., sr. v.p.; Benjamin Frank, sr. v.p.; Frank W. Harvey, sr. v.p.; Joseph M. Lesser, sr. v.p. & exec. group mgr.; Alfred J. Schwarz, sr. v.p.; Frank T. Reilly, sr. v.p. & exec. group mgr.; Elliot J. Stone, Lawrence Stone, sr. v.p.'s; William S. Ruben, v.p. & exec. group mgr.; Wilbur J. Fix, v.p.; Charles B. James, II, v.p. & exec. group mgr.; Leonard M. Snyder, v.p. & exec. group mgr.; James T. Roddy, v.p. & asst. secretary.

Directors: Robert Campeau, chairman; William J. Carroll, Donald F. Dunn, Howard E. Hassler, James T. Roddy, Ronald Tysoc.

Business Activities: Owns and operates department stores and specialty stores.

Department Stores:

New England

Jordan Marsh

Operates 19 stores, primarily in the New England states.

Read's

Operates 6 stores, primarily in Connecticut.

Mid-Atlantic

Stern's

Operates 24 stores in New Jersey and on Long Island, New York.

Pomeroy's

Operates 16 stores primarily in Eastern Pennsylvania.

Dey's

Operates 4 stores in the Syracuse, New York area.

Southeast

Mass Brothers

Operates 21 stores, primarily on the west coast of Florida.

Jordan Marsh

Operates 17 stores on the east coast of Florida.

Miller & Rhoads

Operates 17 stores in Virginia and North Carolina.

Millers

Operates 12 stores, primarily in Eastern Tennessee.

Cann-Sloan

Operates 4 stores in the Nashville, Tennessee area.

Midwest

Donaldson's

Operates 15 stores, primarily in Minnesota.

Block's

Operates 10 stores, primarily in the Indianapolis, Indiana area.

Herpolsheimer's

Operates 6 stores in Western Michigan.

Heer's

Operates 2 stores in Springfield, Missouri area.

Southwest

Jonke's

Operates 27 stores, primarily in Texas.

Northwest

The Bon

Operates 39 stores in the Pacific Northwest.

Specialty Stores

Brooks Brothers

Operates 45 stores throughout the United States and 12 in Japan.

Bonwit Teller

Operates 13 stores throughout the United States.

Garfinkel's

Operates 10 stores in Washington, D.C. area.

Ann Taylor

Operates 91 stores throughout the United States.

Catherines Stout Shoppe

Operates 210 stores throughout the United States.

Plymouth

Operates 51 stores in New York City and Washington, D.C.

Jerry Leonard

Operates 26 stores in the Midwest and Southwest.

Number of Stores: (at fiscal year end)

1987	697	1984	570
1986	665	1983	533
1985	597		

NOTE: Allied Stores Corporation is an indirect wholly owned subsidiary of Campeau Corporation, an Ontario corporation, which purchased a controlling interest in Allied's predecessor, which was also known as Allied Stores Corporation (Old Allied), in October, 1986 (the acquisition).

Sales and Earnings

	Net Sales † (000's)	Net Income (000's)
1/03/87* +	\$ 1,245,000	\$ (8,000)
11/1/86# x	3,012,000	(46,000)
2/01/86 x	4,196,000	159,000
2/02/85 x	4,011,800	141,000
1/28/84 x	3,705,000	128,000

	No. of Com. Shares ‡	Earn. per Share ‡
1/03/87* +	1,000	\$ —
11/1/86# x	47,712,543	—
2/01/86 x	43,037,734	3.70
2/02/85 x	41,936,112	3.36
1/28/84 x	N.A.	3.07

(Loss)

* 9 weeks.

39 weeks.

+ Successor.

x Predecessor.

† Includes revenues of real estate operations.

Adjusted to reflect stock split.

‡ Based on the average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1/03/87 +	\$ —	—	—
11/1/86 x	0.87	—	2-for-1
2/01/86 x	1.07	—	—
2/02/85 x	1.00	—	—
1/28/84 x	0.925	—	—

+ Successor.

x Predecessor.

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1/03/87 +	\$ 292,000,000	\$ —
11/1/86 x	—	—
2/01/86 x	1,258,000,000	29.23
2/02/85 x	1,063,000,000	25.35
1/28/84 x	964,000,000	—

Allied Stores Corporation

+ Successor.
 x Predecessor.
 ‡ Adjusted to reflect stock split.

Income Account *		
(000's)		
Year ended	1/3/87 (9 weeks)	11/1/86+ (39 weeks)
Net sales	\$ 1,237,924	\$ 2,988,425
Rev. of real estate oper.	7,002	23,136
Total income	\$ 1,244,926	\$ 3,011,561
Cost of sales	813,176	2,060,764
Expenses	242,281	773,671
Interest expense	104,659	48,716
Expenses of tender offers	—	187,000
Income (loss) before taxes	\$ 84,810	\$ (58,590)
Income taxes (credit)	92,425	(12,775)
Net Loss	\$ (7,615)	\$ (45,815)

* Included in Costs and Expenses, Depreciation and Amortization: \$27,037,000 in 1987 and \$73,732,000 in 1986.
 + Predecessor.

Assets		
(000's)		
As of	1/3/87	2/1/86 †
Cash	\$ 287,576	\$ 8,491
Accts. receiv., net	776,162	1,047,014
*Inventories	438,029	638,841
Prepaid expenses	11,660	22,312
Assets held for sale	900,000	—
Current Assets	\$ 2,413,427	\$ 1,716,658
#Fixed assets	1,052,258	975,110
Assets held for sale	618,733	—
Other assets	63,272	80,069
Intangibles	976,993	—
Total Assets	\$ 5,124,683	\$ 2,771,837

Liabilities		
(000's)		
Notes payable	\$ —	\$ 23,000
Short-term borrowing	631,302	—
Long-term debt, curr.	669,739	17,661
Accts. payable	352,364	333,361
Accruals	112,252	133,002
Income taxes	94,100	185,283
Other taxes	62,200	52,315
Curr. Liabilities	\$ 1,921,957	\$ 744,622
Long-term debt	2,853,905	565,515
Oblig. under cap. leases	56,435	98,589
Deferred inc. taxes	—	104,641
+ Common stock	1	46,102
Add. paid-in capital	300,000	251,986
Retained earnings (deficit)	(7,615)	960,382
Total Liabilities & Shareholders' Equity	\$ 5,124,683	\$ 2,771,837

† Predecessor company.
 * At lower of cost (LIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$0.01 par value in 1987; no par value in 1986.

Statistical Summary		
Sales to Inventories	2.83	—
Debt to Equity	14.40	0.03
Working Capital	\$491,470,000	\$ 972,036,000
Current Ratio	1.26	2.31
Shareholders' Equity	\$292,386,000	\$1,258,470,000

Allied Supermarkets, Inc.

8711 Meadowdale
 Detroit, Michigan 48228
 (313) 943-3300

Officers: Lon D. Makanoff, president & chief operating officer; David K. Page, chairman of the board & chief exec. officer; Elmer L. Blatz, sr. v.p.-wholesale operations; Donald R. Gapp, v.p. & controller; John W. Masek, v.p.-personnel; Joseph Mocnik, sr. v.p.-retail operations; Dennis M. Siedlack, v.p.-wholesale marketing; Lloyd Silberman, treasurer; Larry D. Hunter, corporate secretary.

Directors: David K. Page, chairman; D.J. Rixmann, Martin E. Citrin, Sidney Lapidus, Lon D. Makanoff, Howard H. Newman, Joel D. Tauber.

Business Activities: Allied operates 22 Great Scott! supermarkets in Michigan, and a wholesale division, the Abner Wolf Company, which serves independent grocery stores in Michigan and Ohio.

Subsidiaries:
 Great Scott! Super Markets, Inc.
 Abner Wolf Company

Transfer Agent(s):
 National Bank of Detroit
 611 Woodward Avenue
 Detroit, Michigan 48226

Stock Exchange(s): New York, Philadelphia

Ticker Symbol: ASU

Number of Stores*: (at fiscal year end)

1986	22	1983	100
1985	30	1982	105
1984	96		

* Includes drug units.

Sales and Earnings

	Net Sales ‡	Net Income †
1986	\$ 386,042,000	\$ 8,072,000
1985	482,394,000	325,000
1984*	533,292,000	(2,566,000)
1983	578,928,000	14,814,000
1982	605,814,000	42,752,000

	No. of Com. Shares #	Earn. per Share #†
1986	11,998,009	\$ 0.65
1985	11,279,900	0.01
1984*	11,070,780	—
1983	11,091,649	1.31
1982	9,322,628	4.57

(Loss)

* 53 weeks.

† Includes other revenues.

‡ Including extraordinary gains of \$3,713,000 (\$0.31 per share) in 1986, \$140,000 (\$0.01 per share) in 1985, \$11,729,000 (\$1.05 per share) in 1983 and \$38,105,000 (\$4.09 per share) in 1982.

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 76,725,000	\$ 5.57
1985	52,443,000	4.56
1984	52,026,000	4.84
1983	56,083,000	5.06
1982	41,538,000	3.83

Income Account *

Year ended	6/28/86	6/29/85
Net sales & other rev.	\$ 386,042	\$ 482,384
Cost of sales	323,673	402,629
Expenses	57,462	79,117
Interest income	(4,188)	(2,258)

Interest expense	2,519	1,137
Gain on sale of drug stores	(1,496)	—
Loss on sale of supermarkets	—	1,434

Inc. before taxes	\$ 8,072	\$ 325
Income taxes	3,713	140

Net Income	\$ 4,359	\$ 185
Extraord. gain	3,713	140

Net Income & extraord. gain	\$ 8,072	\$ 325
-----------------------------	----------	--------

* Included in Costs and Expenses, Depreciation and Amortization: \$2,545,000 in 1986 and \$3,652,000 in 1985.

Assets

As of	6/28/86	6/29/85
Cash	\$ 4,108	\$ 4,674
Marketable securities	117,736	32,173
Accts. & notes receiv., net	10,714	7,806
*Inventories	29,796	27,034
Prepaid expenses	1,707	1,183
Current Assets	\$ 164,061	\$ 72,870
#Fixed assets	18,842	14,590
Cap. leases	12,862	5,539
Other assets	8,380	2,409
Total Assets	\$ 204,145	\$ 95,408

Liabilities

	6/28/86	6/29/85
Notes, mortg. & cap. lease oblig., curr.	\$ 1,426	\$ 1,027
Accts. payable	19,117	18,003
Accruals:		
Payroll	3,963	5,661
Self-insurance	1,609	2,288
Other	5,213	3,887
Curr. Liabilities	\$ 31,328	\$ 30,866
Sr. subord. debent.	80,224	—
Capitalized lease oblig.	11,172	5,882
Other liabilities	1,696	3,217
+ Redeem. pref. stock	3,000	3,000
+ + Common stock	1,048	826
Add. paid-in capital	42,121	25,916
Retained earnings	35,733	27,900
Notes receiv.	(788)	(788)
Treasury stock	(1,389)	(1,411)
Total Liabilities & Shareholders' Equity	\$ 204,145	\$ 95,408

* At lower of cost (Retail or FIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$100 par value.
 + + \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.09	0.07
%Net Income to Sales	1.13	0.04
%Net Income to Equity	5.68	0.35
Sales to Inventories	12.96	17.76
Debt to Equity	0.16	0.13
Working Capital	\$132,733,000	\$42,004,000
Current Ratio	5.24	2.36
Shareholders' Equity	\$ 76,725,000	\$52,443,000

American Maize-Products Company

250 Harbor Drive
 Stamford, Connecticut 06904
 (203) 356-9000

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Officers: William Ziegler, III, chairman of the board & chief executive officer; John C. McCormick, president & chief operating officer; Alan J. Edly, v.p.-finance; Charles A. Koons, v.p.-corporate development & planning; John R. Tweedy, v.p. & asst. to chairman; Donald E. McNicol, secretary & general counsel; Robert A. Britton, treasurer; Edward P. Norris, v.p. & controller; Cynthia C. Ziegler-Brighton, asst. secretary.

Directors: William Ziegler, III*, chairman; Gene K. Beare, Charles B. Cook, Jr.*, Edward Gelsthorpe, Les C. Liabo*, John C. McCormick*, Donald E. McNicol*, Alan J. Edly, William C. Steinkraus, John C. Wrightson.

*Member of the Executive Committee.

Business Activities: The Company's Building Materials Division sells building materials and home improvement items to the do-it-yourself customer and the contractor through 34 Lloyd Home & Building Centers located in New York, Connecticut and Pennsylvania. Also produces corn syrups and other corn products, smokeless tobacco and cigars.

Divisions:

Corn Processing Division
Building Materials Division
Tobacco Division

Subsidiaries:

American Fructose Corporation (57.6%-owned)
Jno. H. Swisher & Son, Inc.
Martin Brothers International, Inc.
Corral-Wodiska y Ca.
Lloyd Home & Building Centers, Inc.
Helme Tobacco Company

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: AZE

Number of Stores: (at fiscal year end)

1986	34	1983	39
1985	36	1982	38
1984	39		

Sales and Earnings

	Net Sales +	Net Income \$
1986	\$ 509,544,000	\$ 9,732,000
1985	433,168,000	(4,668,000)
1984	414,288,000	10,002,000
1983	357,832,000	3,790,000
1982	317,525,000	5,746,000

No. of Com. Shares Earnings per Share \$

1986	5,593,660	\$ 1.82
1985	5,270,412	—
1984	5,253,541	1.92
1983	5,216,955	0.73
1982	5,201,342	1.11

+ Of continuing operations only.

\$ Including extraordinary losses of \$499,000 (\$0.09 per share) in 1986 and \$412,000 (\$0.08 per share) in 1982.

\$ Based on the average number of shares outstanding during the year.

Revenues By Line of Business

	1986	1985
Corn processing	\$ 294,420,000	\$ 275,499,000
Branded consumer prods.	109,836,000	63,192,000
Building materials	105,288,000	94,477,000
Total	\$ 509,544,000	\$ 433,168,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.52	—	—
1985	0.52	—	—
1984	0.52	—	—
1983	0.52	—	—
1982	0.52	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 126,343,000	\$ 22.59
1985	113,733,000	21.58
1984	120,894,000	23.01
1983	112,915,000	21.64
1982	111,938,000	21.52

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 509,544	\$ 433,168
Cost of sales	384,471	372,572
Expenses	80,294	60,543
Gain on stock sale	—	(462)
Interest expense	16,369	12,039
Interest income	(323)	(620)
Other expense	1,668	1,958
Inc. (loss) bef. taxes	\$ 27,065	\$ (12,802)
Income taxes (credit)	11,382	(7,819)
Minority interest	5,452	(315)
Net Income (Loss)	\$ 10,231	\$ (4,668)
Extraord. loss	(499)	—
Net Income (Loss) & extraord. loss	\$ 9,732	\$ (4,668)

* Included in Costs and Expenses. Depreciation and Amortization: \$18,352,000 in 1986 and \$15,930,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 2,384	\$ 6,577
Short-term invest.	2,168	2,389
Accts. receiv., net	38,296	32,499
Tax refund receiv.	2,310	969
*Inventories	80,320	53,414
Other curr. assets	9,270	9,334
Current Assets	\$ 134,748	\$ 105,182
#Fixed assets	207,396	182,420
Other assets	15,003	6,191
Intangibles	14,853	2,331
Total Assets	\$ 372,000	\$ 296,124

Liabilities (000's)

Short-term debt	\$ —	\$ 4,500
Long-term debt, curr.	2,615	4,697
Accts. payable	17,339	15,470
Accrued interest	3,107	2,528
Other accruals	3,168	6,832
Accrued payroll	12,710	7,564
Income taxes	4,688	4,182
Curr. Liabilities	\$ 43,627	\$ 45,773
Long-term debt	148,531	100,247
Deferred inc. taxes	21,909	10,182
Other liab.	1,473	1,524
Minority interest	30,117	24,665
+ Common stock	4,623	4,379
Add. paid-in capital	22,506	17,263
Retained earnings	100,801	93,846
Treasury stock	(1,587)	(1,755)
Total Liabilities & Shareholders' Equity	\$ 372,000	\$ 296,124

* At lower of cost (FIFO) or market: corn & tobacco at LIFO.
Less accumulated depreciation.
+ \$0.80 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.31	—
%Net Income to Sales	1.91	—
%Net Income to Equity	7.70	—
Sales to Inventories	6.34	8.11
Debt to Equity	1.18	0.92

Working Capital	\$ 91,121,000	\$ 59,409,000
Current Ratio	3.09	2.30
Shareholders' Equity	\$126,343,000	\$113,733,000

American Stores Company

P.O. Box 27447
709 East South Temple
Salt Lake City, Utah 84127
(801) 539-0112

Officers: L.S. Skaggs, chairman of the board & president; Victor L. Lund, exec. v.p.; Kent T. Anderson, v.p., general counsel & secretary; Michael T. Miller, sr. v.p. & secretary; John L. Benner, sr. v.p.-finance & treasurer; Teresa Beck, v.p., controller & asst. secretary; David B. Clark, v.p.-corp. planning & development.

Directors: Leon G. Harmon*, L. Tom Perry*, L.S. Skaggs*, Aline W. Skaggs, Earl P. Stuenkel*, I. J. Wagner, Silas S. Cathcart*, Barbara S. Prosser*, H. Calhoun.

* Member of the Executive Committee.

Business Activities: Operates self-service supermarkets under the names of Acme and Super Saver in New York, Pennsylvania, New Jersey, Delaware, Maryland, Virginia, and West Virginia; combination food and drug stores under the names Jewel-Osco and Skaggs Alpha Beta; and Osco Drug stores in 29 states, as well as Sav-on Drug stores in California.

Divisions and Subsidiaries:

American Superstores, Inc.
One Pike Creek Center
Linden Mill Road
P.O. Box 5670
Wilmington, Delaware 19808-0670
(302) 998-2102

Acme Markets Inc.
124 North 15th Street
Philadelphia, Pennsylvania 19101
(215) 568-3000

Alpha Beta Company
777 South Harbor Boulevard
La Habra, California 90631
(714) 738-2000

American Stores Properties, Inc.
444 East 100 South
Salt Lake City, Utah 84111
(801) 530-1300

American Stores Managements Systems Company
5201 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 537-3000

Jewel Food Stores
1955 West North Avenue
Melrose Park, Illinois 60160
(312) 531-6000

Osco Drug, Inc.
1818 Swift Avenue
Oak Brook, Illinois 60521
(312) 572-5000

Skaggs Sav-on, Inc.
1500 South Anaheim Blvd.
Anaheim, California 92805
(714) 778-2300

Skaggs Companies, Inc.
1500 South Anaheim Boulevard
Anaheim, California 92805
(714) 758-5229

Skaggs Alpha Beta, Inc.
5201 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 537-3000

Skaggs Telecommunications Services
5181 Amelia Earhart Drive
Salt Lake City, Utah 84116
(801) 537-1427

American Stores Company

Star Market Company
625 Mt. Auburn Street
Cambridge, Massachusetts 02138
(617) 661-2200

Transfer Agent(s):

Morgan Shareholder Services Trust Company
Trust Department
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Philadelphia, Pacific, Midwest

Ticker Symbol: ASC

Number of Stores: (at fiscal year end)

1986	1,498	1983	1,027
1985	1,493	1982	1,078
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1987	\$ 14,021,484	\$ 144,528
1986	13,889,528	154,470
1985*	12,118,793	185,525
1984	7,983,677	117,902
1983	7,507,772	90,371
	No. of Com. Shares #	Earn. per Share #
1987	31,456,000	\$ 3.79
1986	31,464,000	4.11
1985*	30,076,000	4.01
1984	29,556,000	3.61
1983	29,415,000	2.69

* 53 weeks.

Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1987	\$0.84	—	—
1986	0.69	—	—
1985	0.64	—	—
1984	0.44	—	3-for-1
1983	0.33	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 838,093,000	\$ 26.64
1986	767,811,000	24.40
1985	676,752,000	22.50
1984	451,694,000	15.28
1983	357,455,000	12.15

‡ After allowing for preferred stock at liquidation value.

+ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account*

Year ended	1/31/87	2/1/86
Net sales	\$ 14,021,484	\$ 13,889,528
Cost of sales	10,578,985	10,546,722
Expenses	3,020,697	2,920,268
Interest expense	114,179	128,770
Interest income	(1,599)	(7,857)
Other expense (income)	3,097	(7,836)
Income before taxes	\$ 306,125	\$ 309,461
Income taxes	161,597	154,991
Net Income	\$ 144,528	\$ 154,470

* Included in Costs and Expenses. Depreciation and Amortization: \$193,803 in 1987 and \$183,509 in 1986.

Assets (000's)

As of	1/31/87	2/1/86
Cash & temp. cash invest.	\$ 56,124	\$ 29,999
Receiv., net	152,550	125,722
*Inventories	1,358,660	1,274,730
Prepaid expenses	71,138	51,672
Current Assets	\$ 1,638,472	\$ 1,482,123
*Fixed assets	1,600,370	1,618,993
Prop. under cap. lease	116,028	124,868
Other assets	235,304	236,529
Total Assets	\$ 3,590,174	\$ 3,462,513

Liabilities (000's)

Long-term debt, curr.	\$ 13,875	\$ 17,835
Cap. lease oblig., curr.	11,174	10,498
Accounts payable	679,692	647,148
Accruals	398,559	377,614
Accrued wages pay.	148,701	152,598
Income taxes	60,523	35,989
Curr. Liabilities	\$ 1,312,524	\$ 1,241,682
Long-term debt	873,479	925,108
Cap. lease oblig.	149,585	157,032
Other liabilities	100,960	78,782
Deferred inc. taxes + Preferred stock	59,105	36,420
Series A	198,834	198,252
Series B	57,594	57,426
+ + Common stock	31,927	31,922
Add. paid-in capital	150,598	149,982
Retained earnings	704,247	611,360
Treasury stock	(48,679)	(25,453)
Total Liabilities & Shareholders' Equity	\$ 3,590,174	\$ 3,462,513

* At lower of cost (LIFO, FIFO or average) or market.

Less accumulated depreciation and amortization.
+ \$1 par value. Series A, \$4.375 cumulative convertible
exchangeable; Series B, \$6.80 cumulative exchangeable.
+ + \$1 par value.

Statistical Summary

%Income before Taxes to Sales	2.18	2.23
%Net Income to Sales	1.03	1.11
%Net Income to Equity	17.24	20.12
Sales to Inventories	10.32	10.90
Debt to Equity	1.25	1.45
Working Capital	\$325,948,000	\$240,441,000
Current Ratio	1.25	1.19
Shareholders' Equity	\$838,093,000	\$767,811,000

Senecal, sr. v.p.-mgmt. information systems; John R. Barbato, v.p.-real estate; Ronald Stacy, v.p.-construction; Alan Mink, v.p.-distribution; Vincent E. Osborne, v.p.-market research; James J. Aglio, Alan S. Close, Charles Rilling v.p.'s & merchandise mgr.'s; Joseph Calogine, v.p.-store planning; Richard H. Howk, v.p.; Joseph Mattei, v.p.-data processing; Steven J. Yneger, v.p.-loss prevention; Robert A. Tremblay, v.p.-merchandise control; Mark von Mayrhauser, v.p. & treasurer; Robert S. Jacobs, v.p.-personnel; John J. Miller, v.p.-import; Kerrie R. Flanagan, v.p. & controller; Robert H. Beaton, v.p.-corp. training; John Cook, v.p.-operations; Michelle Garvey, v.p.-mgmt. info. services; Dorene Robotti, v.p.-employee relations.

Directors: Herbert Gilman*, chairman; Michael D. Leavitt, James A. Harmon*, Melvin M. Rosenblatt*, Ralph M. Shulansky, John Gessse, Norman B. Asher, Peter B. Hollis*, Earl M. Spector*, Norman Ricken.

* Member of the Executive Committee.

Business Activities: Operates chains of self-service discount department stores and variety stores under the Ames, Murphy's Mart, and G.C. Murphy names in 20 states, primarily in the East. Also engaged in wholesale distribution of sporting goods.

Divisions and Subsidiaries:

Mathews and Boucher, Inc.
Rochester, New York
Wholesaler of sporting goods.

G.C. Murphy Company
McKeesport, Pennsylvania

Transfer Agent(s):

The Connecticut Bank and Trust Company
Hartford, Connecticut

Stock Exchange(s): New York, Pacific

Ticker Symbol: ADD

Number of Stores: (at fiscal year end)

1987	463	1984	168
1986	450	1983	144
1985	180		

Sales and Earnings

	Net Sales	Net Income
1987*	\$1,809,941,000	\$ 27,129,000
1986	1,449,016,000	40,367,000
1985	783,360,000	28,516,000
1984	617,256,000	19,886,000
1983	401,742,000	12,393,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987*	37,407,000	\$ 0.73
1986	34,298,000	1.19
1985	27,167,000	1.00
1984	25,952,000	0.77
1983	24,744,000	0.50

* 53 weeks.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.10	—	—
1986	0.10	—	2-for-1
1985	0.10	—	2-for-1
1984	0.08	—	3-for-2
1983	0.07	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 394,205,000	\$ 10.54
1986	367,823,000	10.72
1985	124,631,000	4.59
1984	98,829,000	3.81
1983	79,382,000	3.21

+ Adjusted to reflect stock splits.

Ames Department Stores, Inc.

2418 Main Street
Rocky Hill, Connecticut 06067
(203) 563-8234

Officers: Herbert Gilman, chairman of the board & chief exec. officer; Peter B. Hollis, president & chief operating officer; Leslie Dietzman, exec. v.p. & gen. mdse. mgr.; James McKittrick, exec. v.p. & pres. & chief oper. officer-G.C. Murphy Company; Duane R. Wolter, exec. v.p. & chief financial officer; Ralph M. Shulansky, sr. v.p.-administration & investor relations; Earl M. Spector, exec. v.p.-real estate, legal & secretary; John P. Kearney, sr. v.p.-operations & personnel; Roman Butriman, v.p.-finance & chief accounting officer; Fred S. Perlstein, v.p.-advertising & sales promotion; Gerald Glassman, v.p.-admin., asst. treasurer & asst. secretary; Stuart J. Shapiro, sr. v.p.-distribution & inventory mgmt.; Eugene G.

Income Account (000's)		
Year ended	1/31/87 (53 weeks)	1/25/86
Net sales	\$ 1,809,941	\$ 1,449,016
Other income	26,221	21,727
Total income	\$ 1,836,162	\$ 1,470,743
Cost of sales	1,299,464	1,008,383
Expenses	434,041	349,112
Depreciation & amortization	30,234	22,274
Interest expense	18,166	18,611
Income before taxes	\$ 54,257	\$ 72,363
Income taxes	27,128	31,996
Net income	\$ 27,129	\$ 40,367
Assets (000's)		
As of	1/31/87	1/25/86
Cash	\$ 10,687	\$ 8,946
Cert. of dep. & oblig.	22,396	49,200
Receiv., net	14,213	12,273
*Inventories	395,190	319,689
Refundable income taxes	2,115	16,341
Deferred income taxes	7,290	—
Prepaid expenses	20,252	9,429
Current Assets	\$ 472,143	\$ 415,878
#Fixed assets	233,651	223,091
Other assets & defer. charges	8,335	6,967
Leasehold	33,569	37,417
Total Assets	\$ 747,698	\$ 683,353
Liabilities		
Long-term debt, curr.	\$ 18,339	\$ 14,194
Accts. payable	130,172	81,097
Accruals	38,447	52,393
Dividends payable	937	842
Other liabilities	1,855	3,120
Current Liabilities	\$ 189,750	\$ 151,646
Deferred income taxes	17,554	10,852
Long-term debt	72,783	82,634
Cap. lease oblig.	65,220	60,823
Other liabilities	4,718	4,125
Exc. of acq. assets over value	3,468	5,450
+ Common stock	18,874	18,776
Add. paid-in capital	219,291	215,664
Retained earnings	157,796	134,510
Treasury stock	(1,756)	(1,127)
Total Liabilities & Shareholders' Equity	\$ 747,698	\$ 683,353

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$0.50 par value.

Statistical Summary		
%Income bef. Taxes to Sales	3.00	4.99
%Net Income to Sales	1.50	2.79
%Net Income to Equity	6.88	10.97
Sales to Inventories	4.58	4.53
Debt to Equity	0.17	0.43
Working Capital	\$282,393,000	\$264,232,000
Current Ratio	2.49	2.74
Shareholders' Equity	\$394,205,000	\$367,823,000

Amfac, Inc.

44 Montgomery Street
P.O. Box 7813
San Francisco, California 94120
(415) 772-3506

Officers: Henry A. Walker, Jr., chairman of the board; Ronald R. Sloan, president & chief exec. officer; Ronald H. Dykehouse, exec. v.p. & chairman-Amfac Distribution Corp. and Amfac Foods, Inc.; John E. Gomena, exec. v.p.; Richard L. Griffith, exec. v.p. & chairman-Amfac Hawaii, Inc.; Richard A. Naille, II, exec. v.p. & chairman-Amfac Resorts, Inc.; Donald C. Onasch, exec. v.p. & chairman-Amfac Stores, Inc.; Thomas L. Braje, sr. v.p. & chief financial officer; Daniel A. Curry, sr. v.p. & gen. counsel; Harry Matte, sr. v.p.-corp. communications; John R. Stamps, sr. v.p.-administration; Richard R. Bacigalupi, v.p. & controller; Toby B. Bailin, v.p. & asst. to chairman; Coy F. Baugh, v.p. & treasurer; Richard D. Baum, v.p.-employee relations; Dennis A. Daugherty, v.p., deputy gen. counsel & asst. secretary; Charles K. Ikeda, v.p. & corp. secretary; Herbert F. Kropp, v.p.-corp. audit; Keith V. Mabey, v.p.-corp. communications; Ralph F. Perry, Jr., v.p.-risk mgmt.; Raymond K. Pope, v.p.-gov't affairs; Alan O. Schultz, v.p.-actuarial services; Jeffrey E. Franzen, v.p.-tax services; Chester A. Richardson, v.p., assoc. gen. counsel & asst. secretary; Stanley Hom, asst. v.p. & asst. controller; John C. Vallor, asst. v.p.-mgmt. services; David R. Denecke, Peter L. McCorkell, asst. v.p.'s, asst. secretaries & asst. gen. counsels; Beatrice K. Tanaka, asst. v.p. & asst. secretary; Jeanette M. Ishikawa, Doris E. Anderson, Eileen M. Halliburton, Althea R. Sato, Ann T. Yotsuji, asst. secretaries; Rose L. Chew, Mary Jean S. Kolchak, asst. treasurers; Pamela A. Mull, asst. secretary counsel.

Directors: Kenneth F. Brown, Richard B. Madden, Frederick W. Mielke, Jr., Mary Anne Normandin, Marion K. Pinsdorf, William F. Quinn, Patricia Saiki, Chauncey E. Schmidt, Ronald R. Sloan, Ralph A. Van Orsdel, Jr., H.A. Walker, Jr.

Business Activities: Retail operations include the Hawaiian-based Liberty House department stores and resort shops. Liberty House department stores feature merchandise in the medium to higher price ranges. Liberty House resort shops emphasize Polynesian and resort apparel. Some stores have limited men's, subteens' and children's wear departments. The company also operates resorts, hotels, restaurants, travel and tour agencies, property development companies, sugar companies, wholesale nurseries, food processing companies, and distributes pharmaceutical and health care products, electrical and mechanical supplies, building materials, machinery and equipment.

Divisions and Subsidiaries:

Retail Group

Liberty House
Honolulu, Hawaii
Department, resort and specialty stores in Hawaii.

Food Group

Amfac Foods, Inc.
Portland, Oregon

Amfac Amycel
Producer of mushroom spawn.

Lamb-Weston, Inc.
Portland, Oregon

Processor of frozen potato and fruit products in Idaho, Oregon, and Washington.

Monterey Mushrooms, Inc.
Santa Cruz, California
Grower and processor of mushrooms.

Gourmet Brands
Boardman, Oregon
Potato processor and marketer.

Hotels and Resorts Group

Amfac Resorts, Inc.
Grand Canyon, Arizona
Operates 15 hotels and resorts in the continental U.S. and Hawaii.

Distribution Group

Amfac Distribution Corporation
Burlingame, California

Amfac Health Care
Folsom, California
Pharmaceutical distribution branches.

Amfac Electric Supply Co.
Folsom, California
Electrical supplies distribution branches.

Hawaii Group

Amfac Hawaii, Inc.
Honolulu, Hawaii

Amfac Sugar and Agribusiness, Inc.
Honolulu, Hawaii
Production of agricultural products.

Amfac Properties
Honolulu, Hawaii

Planning, development, and management of the company's lands in Hawaii which are not used by other operating groups.

Amfac Tropical Products
Keaou, Hawaii
Production of tropical fruit.

Oahu Waste Energy Recovery, Inc.
Development and operation of a municipal waste co-generation facility on Oahu.

Amfac Property Investment Corp.
Honolulu, Hawaii
Property investment.

Transfer Agent(s):

Harris Trust Company of California

Bishop Trust Co., Ltd.
140 South King Street
Honolulu, Hawaii 96813

Stock Exchange(s): New York, Pacific, London.

Ticker Symbol: AMA

Number of Stores: (at fiscal year end)

1986	39	1983	83
1985	85	1982	84
1984	88		

Sales and Earnings

	Revenues + (000's)	Net Income \$ (000's)
1986	\$ 1,962,204	\$ (66,599)
1985	1,921,975	17,912
1984	1,854,509	(14,149)
1983	1,781,473	(68,026)
1982	1,700,682	34,208
	No. of Com. Shares	Earn. per Share #
1986	16,679,635	\$ —
1985	16,636,622	1.09
1984	16,633,327	—
1983	16,619,474	—
1982	14,954,082	2.27

(Loss)

+ Of continuing operations only.

\$ Including extraordinary gain of \$4,279,000 (\$0.29 per share) in 1983.

Based on the average number of common shares and common share equivalents outstanding.

Revenue By Line of Business

	1986 (000's)	%	1985 (000's)	%
Food	\$ 425,740	22%	\$ 433,524	23%
Distribution	991,850	51	955,805	50
Retail	254,907	13	234,800	12
Hawaii:				
Agriculture	107,230	5	106,615	5
Property	28,261	1	38,824	2
Resorts	153,700	8	150,779	8
Corporate	516	—	1,628	—
Total	\$1,962,204	100%	\$1,921,975	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	1.44	—	—

Amfac, Inc.

1983	1.44	---	---
1982	1.44	---	---
Common Stock Equity			
	Total Equity ‡	Equity Per Share	
1986	\$ 338,550,000	\$ 21.33	
1985	407,998,000	25.78	
1984	407,924,000	24.68	
1983	427,790,000	27.05	
1982	470,839,000	33.28	

‡ After allowing for preferred stock at involuntary liquidation values.

Income Account (000's)			
Year ended Dec. 31	1986	1985	
Revenues	\$ 1,962,204	\$ 1,921,975	
Cost of sales	1,452,748	1,397,294	
Expenses	434,660	392,860	
Depreciation & amortization	41,949	40,465	
Interest expenses	48,534	45,829	
Inc. (loss) bef. taxes	\$ (15,687)	\$ 45,527	
Income taxes (credit)	(2,245)	17,375	
Income (loss) - cont. oper.	\$ (13,442)	\$ 28,152	
Loss - discount oper.	(53,157)	(10,240)	
Net Income (Loss)	\$ (66,599)	\$ 17,912	

Assets (000's)			
As of Dec. 31	1986	1985	
Cash	\$ 11,387	\$ 13,234	
Receiv., net	275,216	332,286	
*Inventories	341,904	391,807	
Prepaid expenses	26,419	15,239	
Current Assets	\$ 654,926	\$ 752,566	
Investments	73,090	56,533	
*Fixed assets	372,167	429,046	
Long-term notes receiv.	49,508	61,617	
Other assets	10,940	12,882	
Total Assets	\$ 1,160,631	\$ 1,312,644	

Liabilities (000's)			
Note payable	\$ ---	\$ 52,937	
Long-term debt, curr.	35,305	40,461	
Accts. payable & accruals	332,647	311,070	
Income taxes	1,108	13,653	
Curr. Liabilities	\$ 369,060	\$ 418,121	
Long-term debt	317,876	356,369	
Deferred credits	35,465	47,968	
Deferred inc. taxes	34,192	66,605	
+ Preferred stock:			
\$2.50	363	373	
Series B \$1	8,913	8,914	
\$1.875	47,469	---	
+ + Common Stock	151,368	150,568	
Retained earnings	220,310	288,111	
Eq. in Amfac stock held by nonconsol. partnership	(24,385)	(24,385)	
Total Liabilities & Shareholders' Equity	\$ 1,160,631	\$ 1,312,644	

* At lower of cost or market. Food groups at LIFO, retail stores by the retail method, others at average.

‡ Less accumulated depreciation and amortization.

+ No par value, cumulative convertible.

+ + No par value.

Statistical Summary		
%Net Income to Equity	---	4.23
Debt to Equity	0.87	0.94

Working Capital	\$285,866,000	\$334,445,000
Current Ratio	1.77	1.80
Shareholders' Equity	\$404,038,000	\$423,581,000

Angelica Corporation

10176 Corporate Square Drive
St. Louis, Missouri 63132
(314) 991-4150

Officers: Leslie F. Loewe, chairman of the board & chief exec. officer; Earl F. Neely, president & chief operating officer; Allyn J. Aach, Stephen L. Abelov, v.p.'s; James E. Steffoff, exec. v.p., president-Rental Group; Lawrence J. Young, exec. v.p., president-Uniform Group; Theodore M. Armstrong, sr. v.p.-finance & administration & chief financial officer; Donald C. Wickard, v.p., president-Retail Stores; Robert M. Baker, treasurer; Linden Mann, controller, asst. secretary; Charles D. Malloy, controller; John S. Aleman, v.p.-human resources; Jill Winter, secretary, house counsel.

Directors: Leslie F. Loewe, chairman; Willard L. Levy, Edwin S. Jones, John D. Levy, Lee M. Liberman, Richard A. Meyer, Earl F. Neely, Elliot H. Stein, H. Edwin Trusheim, Robert C. West, William P. Stiritz, Earle H. Harbison, Jr.

Business Activities: Operates a national chain of retail uniform and shoe stores; manufactures and markets uniforms and career apparel for institutions and businesses; provides rental and laundry services of textiles and garments primarily to health care institutions.

Divisions and Subsidiaries:

Manufacturing and Marketing

Angelica Uniform Group Inc.
700 Rosedale Avenue
St. Louis, Missouri 63112
(314) 889-1111

Designs, manufactures, warehouses and markets a line of washable and tailored non-washable vocational attire.

Angelica-Whitewear Ltd.
5650 Iberville St.
Montreal, Quebec, H2G 3E4 Canada
(514) 271-4671

Designs, manufactures, warehouses and markets vocational apparel.

Angelica Uniform of Canada, Ltd.
35 Suntract Road
Toronto, Ontario M9N 2V8
Canada

(416) 247-7482

Designs, manufactures and markets vocational apparel.

Retail Sales

Life Uniform & Shoe Shops
700 Rosedale Avenue
St. Louis, Missouri 63112
(314) 889-1111

Operates a nationwide chain of specialty stores selling a full line of uniforms, shoes and related accessories to individuals at retail.

Rental Services

Angelica Healthcare Services Group, Inc.
10176 Corporate Square Drive
Suite 150
St. Louis, Missouri 63132
(314) 991-2931

Angelica Healthcare Services Group, Inc.
Western Divisional Office
600 North Euclid Avenue
Anaheim, California 92801
(714) 535-2242

Provides delivery and cleaning on a rental basis of surgical specialty textiles, garments and hospital linens.

Angelica Healthcare Services Group, Inc.
Eastern Divisional Office
317 Linden Street
Scranton, Pennsylvania 18503
(717) 346-8761

Provides rental and laundry services of hospital linens and uniforms to hospitals; also provides linen usage cost control systems.

Transfer Agent(s):

Center Trust Company
St. Louis, Missouri

Stock Exchange(s): New York

Ticker Symbol: AGL

Number of Stores: (at fiscal year end)

1987	203	1984	143
1986	210	1983	137
1985	129		

Sales and Earnings

	Net Sales +	Net Income
1987	\$ 291,704,000	\$ 16,701,000
1986	269,099,000	17,159,000
1985	246,404,000	16,328,000
1984	220,318,000	15,154,000
1983	208,204,150	13,818,722

	No. of Com. Shares †	Earn. Per Share ‡
1987	9,308,061	\$ 1.79
1986	9,291,832	1.84
1985	9,268,413	1.76
1984	9,260,730	1.63
1983	9,245,981	1.49

+ Includes rental service revenues.

† Adjusted to reflect stock split.

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Manufacturing & marketing	\$ 131,897,000	\$ 125,429,000
Rental serv.	137,168,000	127,109,000
Retail sales	32,801,000	26,231,000
Intersegment	(10,162,000)	(9,670,000)
Total	\$ 291,704,000	\$ 269,099,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.61	---	---
1986	0.59	---	---
1985	0.52	---	---
1984	0.48	---	---
1983	0.40	---	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share
1987	\$ 128,217,000	\$ 13.78
1986	116,623,000	12.56
1985	104,990,000	11.34
1984	93,713,000	10.13
1983	82,909,351	8.97

‡ After allowing for preferred stock and Class A preferred stock at liquidation value of \$100 per share.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	\$ 154,536,000	\$ 141,990,000
Service revenues	137,168,000	127,109,000
Total revenues	\$ 291,704,000	\$ 269,099,000
Cost of sales	98,537,000	94,356,000
Cost of services	104,211,000	93,877,000
Expenses	56,547,000	48,087,000
Other expense	353,000	404,000

Income before taxes	\$ 32,056,000	\$ 32,375,000
Income taxes	15,355,000	15,216,000
Net Income	\$ 16,701,000	\$ 17,159,000

* Included in Costs and Expenses, Depreciation: \$7,104,000 in 1987 and \$5,901,000 in 1986.

Assets	1987	1986
As of Jan. 31		
Cash	\$ 5,345,000	\$ 13,989,000
Receivables	45,826,000	40,366,000
*Inventories	56,977,000	47,414,000
Prepaid expenses	3,220,000	3,798,000
Linens in service	20,521,000	19,916,000
Current Assets	\$ 131,889,000	\$ 125,483,000
*Fixed assets	52,989,000	48,797,000
Other assets	10,080,000	9,037,000
Total Assets	\$ 194,958,000	\$ 183,317,000

Liabilities	1987	1986
Long-term debt & cap. lease oblig., curr.	\$ 3,069,000	\$ 3,205,000
Accts. payable	11,058,000	12,263,000
Accrued payroll	5,178,000	4,848,000
Accruals	3,424,000	2,767,000
Income taxes	2,195,000	2,057,000
Deferred inc. taxes	5,846,000	5,572,000

Liabilities	1987	1986
Long-term debt & cap. lease oblig.	25,236,000	26,756,000
Deferred compensation	3,942,000	3,290,000
Deferred inc. taxes	6,439,000	5,582,000
+ Preferred stock	286,000	286,000
+ + Class A	1,000	1,000
+ + + Common stock	9,308,000	9,292,000
Add. paid-in capital	710,000	482,000
Retained earnings	118,895,000	107,886,000
Translation adjust.	(629,000)	(970,000)

Total Liabilities & Shareholders' Equity	\$ 194,958,000	\$ 183,317,000
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* At lower of cost (FIFO) or market.
 # Less accumulated depreciation.
 + \$100 par value, 5% cumulative.
 ++ \$1 stated value, convertible.
 +++ \$1 par value.

Statistical Summary

%Income bef. Taxes		
to Revenues	10.99	12.03
%Net Income to Revenues	5.73	6.38
%Net Income to Equity	12.99	14.67
Sales to Inventories	2.71	5.68
Debt to Equity	0.20	0.26
Working Capital	\$101,119,000	\$ 94,771,000
Current Ratio	4.29	4.09
Shareholders' Equity	\$128,571,000	\$116,977,000

Antonovich, Inc.

333 Seventh Avenue
 New York, New York 10001
 (212) 244-3161

Officers: Daniel Antonovich, chairman of the board & chief executive officer; David Antonovich, president & chief operating officer; Melvin Goldstein, executive v.p., chief financial officer & secretary; Gordon Ball, v.p.-corporate development; Jakob Scheer, v.p. & general merchandise manager; Barbara Mazur, treasurer & asst. secretary.

Directors: Daniel Antonovich, chairman of the board; David Antonovich, Melvin Goldstein, Jack Rubin, Gilbert Davis.

Business Activities: Operates eight retail store in the New York City metropolitan area which sell quality fur apparel, primarily women's coats and jackets.

Transfer Agent(s):
 Continental Stock Transfer & Trust Company
 72 Rende Street
 New York, New York 10007

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FURSA (NASDAQ)

Number of Stores: (at fiscal year end)

1987 8

NOTE: Effective March 31, 1987, and pursuant to an agreement and plan of merger, Antonovich, Inc. emerged as the surviving corporation of its merger with Fur Palace Corporation and Fur Palace II Corp. into such corporation.

Sales and Earnings

	Net Sales	Net Income
12/31/86*	\$ 19,923,000	\$ 831,000
3/31/86	23,047,000	851,000
3/31/85	17,987,000	263,000
3/31/84	13,869,000	456,000
3/31/83	9,633,000	248,000

	No. of Com. Shares ‡	Earn. per Share + ‡
12/31/86*	2,400,000	\$ 0.35
3/31/86	2,400,000	0.30

* 9 months; unaudited.

+ Pro forma information reflects the results of operations of the Company as if the reorganization of the Company effected in March 1986 had occurred on April 1, 1985.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
12/31/86	—	—	9-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
12/31/86	\$ 1,928,019	\$ 0.80
3/31/86	1,096,356	0.46
3/31/85	297,156	—
3/31/84	51,182	—
3/31/83	(328,545)	—

(Deficiency)

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	12/31/86 + (9 months)	3/31/86
Net sales	\$ 18,857,123	\$ 22,448,951
Other income	1,066,066	598,074
Total income:	\$ 19,923,189	\$ 23,047,025
Cost of sales	9,335,029	11,827,045
Expenses	8,356,777	9,053,284
Interest expense	568,080	530,996
Income before taxes	\$ 1,663,303	\$ 1,635,700
Income taxes	831,650	785,000
New Income	\$ 831,653	\$ 850,700

* Included in Costs and Expenses, Depreciation and Amortization: \$246,819 in the period ending 12/31/86 and \$199,583 in the year ending 3/31/86.
 + Unaudited.

Assets

As of	12/31/86 †	3/31/86
Cash & cash equiv.	\$ 3,270,528	\$ 1,203,800
Accts. receiv., net	2,484,611	1,000,483
*Inventories	13,329,641	7,222,262

Officers' loans receiv.	256,078	—
Prepaid expenses	878,348	302,731
Current Assets	\$ 20,219,206	\$ 9,729,276
*Fixed assets	2,832,984	1,003,990
Other assets	863,626	129,408
Total Assets	\$ 23,915,816	\$ 10,862,674

Liabilities

Cash overdraft	\$ —	\$ 473,502
Notes payable	14,168,597	5,369,340
Long-term debt., curr.	30,000	—
Cap. lease oblig., curr.	173,219	168,974
Accts. payable	2,065,881	752,148
Cust. deposits	288,458	279,858
Accruals	3,000,554	1,046,600
Income taxes	1,566,397	1,221,105
Curr. Liabilities	\$ 21,293,106	\$ 9,311,527
Long-term debt	370,000	—
Cap. lease oblig.	324,691	454,791
+ Common stock	23,940	90
Add. paid-in capital	322,710	302,810
Notes receivable	(243,740)	—
Retained earnings	1,625,109	793,456

Total Liabilities & Shareholders' Equity	\$ 23,915,816	\$ 10,862,674
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† Unaudited.

* At lower of cost (specific ident. number).

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes	8.82	7.29
to Sales	4.41	3.79
%Net Income to Sales	43.14	77.59
%Net Income to Equity	1.41	3.11
Sales to Inventories	7.81	5.31
Debt to Equity	—	\$ 417,749
Working Capital	—	1.04
Current Ratio	\$1,928,019	\$1,096,356
Shareholders' Equity		

Arden Group, Inc.

2020 South Central Avenue
 Compton, California 90220
 (213) 638-2842

Officers: Curtis H. Palmer, chairman of the board; Bernard Briskin, president & chief executive officer; Milton H. Barker, v.p.; E.T. Klinger, v.p.-finance & administration & chief financial officer; Brian D. Donnan, controller & asst. secretary; Bruce D. Cummings, treasurer; Anne Pearson, asst. secretary.

Directors: Bernard Briskin*, Chester I. Lappen*, Philip L. Carret, Thomas L. Karsten*, Frederick A. Schnell*, Anson I. Dreisen, Curtis H. Palmer*, Stuart A. Krieger, Daniel Lem-bark, Ben Winters.

*Member of the Executive Committee.

Business Activities: Principally a food processing and distribution company which operates a chain of supermarkets in the western United States.

Divisions and Subsidiaries:

Mayfair Market Division
 Operates markets in California, Arizona, and Nevada under the following names: Mayfair, El Rancho, Food Giant.

Gelson's Markets

A chain consisting of eight supermarkets located in California.

Telaugraph Corporation

Primarily engaged in the manufacture, lease and sale of communication equipment and supplies which are used for the instantaneous transmission of messages to remote locations. Its GPS Division manufactures and distributes chemicals and equipment for the maintenance of swimming pools.

Arden Group, Inc.

Transfer Agent(s):

City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ARDN (NASDAQ)

Number of Stores: (at fiscal year end)

1986	28	1983	65
1985	50	1982	82
1984	53		

Sales and Earnings

	Net Sales	Net Income +
1986*	\$ 398,834,000	\$ 4,609,000
1985	415,855,000	5,688,000
1984	435,005,000	5,239,000
1983	464,282,000	1,767,000
1982	494,051,000	2,890,000

	No. of Com. Shares	Earn. per Share + #
1986*	2,272,962	\$ 1.89
1985	2,342,470	2.30
1984	2,342,470	2.06
1983	2,560,232	0.52
1982	2,959,182	0.82

* 53 weeks.

+ Including extraordinary gains of \$15,328 (\$0.01 per share) in 1985, \$331,378 (\$0.14 per share) in 1984, and \$63,700 (\$0.02 per share) in 1982.

Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.25	—	—
1985	2.25	—	—
1984	2.25	—	—
1983	2.25	—	—
1982	2.25	—	—

Common Stock Equity

	Total Equity +	Equity Per Share
1986	\$ 31,192,153	\$ 13.72
1985	35,304,681	15.07
1984	29,923,401	12.77
1983	27,234,624	10.64
1982	28,970,725	9.79

+ After allowing for preferred stock at liquidation value.

Income Account *

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 398,833,997	\$ 415,854,764
Cost of sales	240,937,485	259,553,923
Expenses	145,458,746	144,489,075
Other income	(1,380,526)	(3,399,795)
Interest expense	3,980,777	4,180,801
Income bef. taxes	\$ 9,837,515	\$ 11,030,760
Income taxes	5,229,000	5,358,000
Net Income	\$ 4,608,515	\$ 5,672,760
Extraordinary items	—	15,328
Net Income & Extraord. items	\$ 4,608,515	\$ 5,688,088

* Included in Costs and Expenses, Depreciation: \$14,171,612 in 1986 and \$17,146,067 in 1985.

Assets

As of	1/3/87	12/28/85
Cash	\$ 10,982,667	\$ 5,667,361
Accts. & notes receiv., net	27,259,943	21,190,166
*Inventories	17,830,414	29,444,318
Prepaid expenses	1,755,813	1,368,531
Current Assets	\$ 57,828,837	\$ 57,670,376

Investments	3,942,553	2,273,424
Notes & contracts receiv.	10,291,728	7,511,658
Proy. for sale	3,044,817	1,762,443
#Fixed assets	41,715,425	52,087,469
Other assets	6,751,520	8,697,299
Total Assets	\$ 123,574,880	\$ 130,002,669

Liabilities

Accts. payable & accruals	\$ 37,646,433	\$ 44,390,122
Long-term debt	3,376,212	3,542,755
Curr. Liabilities	\$ 41,022,645	\$ 47,932,877
Long-term debt	25,825,365	28,153,905
Deferred income	10,502,371	7,403,807
Deferred taxes	3,419,871	864,871
Other liabilities	1,879,575	2,160,988
+ Preferred stock	2,433,225	2,433,225
+ + Common stock	1,075,058	1,086,758
Add. paid-in capital	34,881,114	35,951,789
Retained earnings	23,778,979	19,477,272
Treasury stock	(21,243,323)	(15,462,823)
Total Liabilities & Shareholders' Equity	\$ 123,574,880	\$ 130,002,669

* At lower of cost (FIPO, average or retail method) or market.

Less accumulated depreciation and amortization.

+ \$15 per value; \$2.25 cumulative.

+ + \$0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.47	2.65
%Net Income to Sales	1.16	1.36
%Net Income to Equity	11.26	13.04
Sales to Inventories	22.37	14.12
Debt to Equity	0.63	0.73
Working Capital	\$16,806,192	\$ 9,737,499
Current Ratio	1.41	1.20
Shareholders' Equity	\$40,925,053	\$43,486,221

Armel, Inc.

3499 N.W. 53rd Street
Fort Lauderdale, Florida 33309
(305) 486-6161

Officers: Melvin F. Goldman, chairman of the board & chief executive officer; Arthur Kwiat, president & chief operating officer; Jay M. Gartenlaub, exec. v.p. & chief financial officer; Jeffrey M. Goldman, v.p.-operations; Kenneth Mulatz, v.p.-footwear; Lisa B. Goldman, v.p.-activewear; Susan France, controller.

Directors: Melvin F. Goldman, chairman of the board; Arthur Kwiat, Jay M. Gartenlaub, David Vozick, Edward L. Slater.

Business Activities: Operates 37 retail sporting goods stores in 14 states under the name Champs, 11 "The Athlete's Foot" specialty retail stores in south Florida, 10 off-price specialty retail stores under the name "Sneakies Feet" and one specialty retail store under the name "Sneakers." All of the Company's stores feature athletic footwear, sports apparel, and accessories, among other items.

Subsidiary:

Champs of Maryland

Acquisition(s):

Lee Sports Inc. of Maryland
Operates five sporting goods stores.

Transfer Agent(s):

Southeast Bank, N.A.
One Southeast Financial Center
Miami, Florida 33131

Stock Exchange(s): American

Ticker Symbol: AML

Number of Stores: (at fiscal year end)

1987	59	1984	23
1986	67	1983	13
1985	58		

Sales and Earnings

	Net Sales	Net Income †
1987	\$ 43,649,000	\$ (1,395,000)
1986	44,186,000	(5,747,000)
1985	24,162,000	1,098,000
1984	13,378,000	631,000
1983	9,187,000	446,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	2,922,259	\$ —
1986	2,441,499	—
1985	1,811,591	0.61
1984	1,428,185	0.44
1983	900,000	0.50

(Loss)

† Including extraordinary gain of \$319,000 in 1987.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 14,100,614†	\$ 4.83
1986	15,215,095†	6.23
1985	11,313,788†	6.25
1984	7,918,463	5.54

† After allowing for preferred stock at par value.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	1987	1986
Jan. 31		
Net sales	\$ 43,648,615	\$ 44,186,435
Cost of sales	28,405,689	32,249,354
Expenses	15,491,670	17,800,873
Interest expense	1,583,830	1,227,403
Interest income	(119,036)	(131,723)
Loss before taxes	\$ (1,713,538)	\$ (6,959,472)
Tax credit	—	(1,212,000)
Net Loss	\$ (1,713,538)	\$ (5,747,472)
Extraord. gain	318,727	—
Net Loss & extraord. gain	\$ (1,394,811)	\$ (5,747,472)

*Included in Costs and Expenses, Depreciation and Amortization: \$1,902,976 in 1987 and \$1,446,922 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	\$ 555,371	\$ 404,240
Accts. receiv., net	763,884	506,755
Refundable taxes	—	570,000
*Inventories	13,708,318	15,782,758
Other curr. assets	297,067	168,798
Current Assets	\$ 15,324,640	\$ 17,432,551
#Fixed assets	10,868,272	13,142,926
Other assets	497,707	423,741
Intangibles	5,227,290	5,492,644
Total Assets	\$ 31,917,909	\$ 36,491,862

Liabilities		
Notes payable to former owners	\$ —	\$ 661,128
Long-term debt, curr.	906,063	984,925
Accts. payable	4,742,980	5,647,634
Accruals	1,289,779	1,847,826
Curr. Liabilities	\$ 6,938,822	\$ 9,141,513
Long-term debt	10,255,374	12,134,918
Deferred gain on sale of bldg.	623,093	—
+ Preferred stock	6	336
+ + Common stock	2,594	2,224
+ + Common stock - Series A	605	605
Add. paid-in capital	18,410,546	18,130,586
Retained earnings (deficit)	(4,313,131)	(2,918,320)
Total Liabilities & Shareholders' Equity	\$ 31,917,909	\$ 36,491,862

* At lower of cost (weighted average) or market.
 # Less accumulated depreciation and amortization.
 + \$0.001 par value; convertible.
 + + \$0.001 par value.

Statistical Summary		
Sales to Inventories	3.18	2.80
Debt to Equity	0.79	0.91
Working Capital	\$ 8,385,818	\$ 8,291,038
Current Ratio	2.21	1.91
Shareholders' Equity	\$14,100,620	\$15,215,431

Autoscope, Inc.

844 Rockville Pike
 Rockville, Maryland 20852
 (301) 251-1818

Officers: Charles M. Levinson, president; Lois Levinson, v.p.; Robert Singer, secretary.

Directors: Charles M. Levinson, Robert Singer, Lois Levinson.

Business Activities: Sells, at wholesale and retail, auto seat covers, tops, sunroofs, mufflers, shock absorbers, brakes and other auto accessories and supplies.

Transfer Agent(s):
 Maryland National Bank
 Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)			
1986	2	1983	2
1985	2	1982	2
1984	2		

Sales and Earnings		
	Net Sales	Net Income \$
1986	\$ 1,169,759	\$ (70,888)
1985	1,225,682	21,349
1984	1,168,663	(20,762)
1983	1,120,405	(1,043)
1982	1,153,334	(36,588)
	No. of Com. Shares	Earn. per Share \$
1986	87,537	\$ —
1985	87,537	—
1984	87,537	—
1983	87,537	—
1982	87,537	—

(Loss)
 ‡ Including extraordinary gain of \$5,000 (\$0.05 per share) in 1985.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 89,245	\$ 1.02
1985	160,132	1.83
1984	135,702	1.55
1983	157,171	1.80
1982	155,676	1.78
Income Account *		
Year ended June 30	1986	1985
Net sales	\$ 1,169,759	\$ 1,225,682
Cost of sales	601,080	622,297
Expenses	639,173	581,103
Other expense	394	933
Income (loss) bef. taxes	\$ (70,888)	\$ 21,349
Income taxes	—	5,000
Net Income (Loss)	\$ (70,888)	\$ 16,349
Extraordinary gain	—	5,000
Net Income (Loss) & extraord. gain	\$ (70,888)	\$ 21,349

* Included in Costs and Expenses, Depreciation and Amortization: \$2,179 in 1986 and \$2,448 in 1985.

Assets		
As of June 30	1986	1985
Cash	\$ 25,391	\$ 46,044
Accts. receiv., net	49,460	52,709
*Inventories	110,378	110,043
Current Assets	\$ 185,229	\$ 208,796
Investments	14,945	14,889
#Fixed assets	2,948	5,127
Other assets	3,409	2,679
Total Assets	\$ 206,531	\$ 231,491

Liabilities		
Notes payable	\$ 41,000	\$ 18,000
Accts. payable	65,103	42,062
Accrued expenses	4,479	4,486
Other liabilities	6,704	6,811
Curr. Liabilities	\$ 117,286	\$ 71,359
+ Common stock	29,411	29,411
Add. paid-in capital	174,708	174,708
Accumulated deficit	(89,094)	(18,207)
Treasury stock	(25,780)	(25,780)
Total Liabilities & Shareholders' Equity	\$ 206,531	\$ 231,491

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$0.30 par value.

Statistical Summary		
%Income bef. Taxes to Sales	—	1.74
%Net Income to Sales	—	1.33
%Net Income to Equity	—	10.21
Sales to Inventories	10.60	11.14
Debt to Equity	0.46	0.11
Working Capital	\$67,943	\$137,437
Current Ratio	1.58	2.93
Shareholders' Equity	\$89,245	\$160,132

BATUS Inc.

(BATUS Inc. is a wholly owned subsidiary of B.A.T. Industries p.l.c. of London, England.)

200 Citizens Plaza
 Louisville, Kentucky 40202
 (502) 581-8000

Officers: Henry F. Frigon, president & chief exec. officer; Barry D. Bramley, sr. v.p. & chief administrative officer; Leonard W. Arentsen, exec. v.p. & chief financial officer; John A. McDonough, sr. v.p.-financial services; A.C. Martinez, sr. v.p.; J. H. Bullis, v.p.-organization planning & mgmt. development; E. F. Kohnhorst, v.p.-planning; R. W. Tyler, v.p.; W. W. Wyatt, Jr., v.p.-corp. affairs & government relations; Tony G. Hall, v.p.-human resources; David A. Schechter, v.p. & general counsel; B.D. Cummins, v.p. & controller; Leonard E. Lyles, v.p.-minority affairs; David H. Roe, v.p. & treasurer; F. Anthony Burke, secretary & senior counsel.

Directors: Henry F. Frigon, Gerald L. Dennis, Barry D. Bramley, Leonard W. Arentsen, R.J. Pritchard, P. Sheehy, J.W. Turner, A. C. Martinez.

Business Activities: Organized in three industrial segments—Tobacco, Retail and Paper. Brown & Williamson Tobacco Corporation manufactures cigarettes, including Barclay, Kool, Lucky Strike, Raleigh and Viceroy. Appleton Papers, Inc. produces carbonless and thermal paper and colored enamels.

Retail Divisions:

Saks Fifth Avenue
 New York, New York
 Operates 44 fashion specialty stores in 18 states.

Thimbles
 New York, New York
 Operates 46 specialty fashion stores in 15 states.

The John Breuner Company
 San Ramon, California
 Operates 17 quality home furnishing stores and 40 furniture rental stores in Arizona, California and Nevada.

Ivey's
 Charlotte, North Carolina
 Operates 25 department stores in North and South Carolina and Florida.

Marshall Field's & Company
 Chicago, Illinois
 Operates 25 department stores in Illinois, Wisconsin and Texas.

Number of Stores: (at fiscal year end):

	Department Stores	Specialty Stores	Furnish-ing Stores
1986	50	90	57
1985	45	72	59
1984	134	56	57
1983	133	46	53
1982	126	43	42

Sales and Earnings

	Net Sales +	Net Income
1986	\$5,499,452,000	\$ 393,663,000
1985	5,086,902,000	163,532,000
1984	4,876,023,000	313,523,000
1983	4,802,941,000	258,560,000
1982	4,447,000,000	213,955,000

+ Of continuing operations only.

Revenues By Line of Business (000's)

	1986	1985
Tobacco	\$ 2,304,961	\$ 2,272,809
Retailing	2,471,280	2,174,954
Paper	723,211	639,139
Total	\$ 5,499,452	\$ 5,086,902

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 5,499,452	\$ 5,086,902
Cost of sales	2,902,384	2,692,671
Fed. excise taxes	536,750	561,445

BATUS Inc.

Expenses	1,225,281	1,117,805
Interest expenses	132,468	147,666
Income before taxes	\$ 702,569	\$ 567,315
Income taxes	338,906	238,400
Inc. - cont. oper.	\$ 363,663	\$ 328,915
Loss-discont. oper.	—	(15,383)
Credit (provision) for retail restruc.	30,000	(150,000)
Net Income	\$ 393,663	\$ 163,532

* Included in Costs and Expenses. Depreciation: \$125,633,000 in 1986 and \$123,444,000 in 1985.

Assets (000's)		
As of Dec. 31	1986	1985
Cash	\$ 15,985	\$ 8,169
Short-term invest.	435,071	64,815
Accts. receiv., net	821,096	1,255,728
*Inventories	794,850	972,353
Other assets	71,412	22,484
Current Assets	\$ 2,138,415	\$ 2,323,549
#Fixed assets	1,430,069	1,630,723
Other assets	438,672	306,858
Intangibles	234,972	256,318
Total Assets	\$ 4,242,128	\$ 4,517,448

Liabilities (000's)		
Short-term borr.	\$ 5,000	\$ 5,000
Long-term debt & cap. lease oblig., curr.	81,352	20,702
Accts. payable	321,995	440,361
Accruals	555,407	807,693
Due to affil. co.	14,362	25,306
Income & excise taxes	175,952	101,082
Curr. Liabilities	\$ 1,154,068	\$ 1,400,144
Long-term debt	910,224	1,229,929
Other liab.	578,754	486,956
+ Common stock	1	1
Add. paid-in capital	73,252	73,252
Retained earnings	1,525,829	1,327,166
Total Liabilities & Shareholders' Equity	\$ 4,242,128	\$ 4,517,448

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary		
%Net Income to Equity	24.62	11.68
Sales to Inventories	6.92	5.23
Debt to Equity	0.57	0.90
Working Capital	\$ 984,347,000	\$ 923,405,000
Current Ratio	1.85	1.66
Shareholders' Equity	\$1,599,082,000	\$1,400,419,000

Bayly Corp.

(50.8%-owned by OTF Equities, Inc.)

Bldg. 22
Denver Tech Center
Englewood, Colorado 80151
(303) 773-3830

Officers: David T. Marantette, III, chairman of the board & chief executive officer; Richard P. Thrush, president & chief operating officer; Edward Calligan, v.p.-new business development; Louis F. Costello, v.p. & chief financial officer; William H. Harrington, v.p. & pres.-Aspen Leaf; Joseph L. Holgeron, v.p.-operations; Kenneth R. Delk, v.p.-human resources; Calvin Tipton, secretary & treasurer; Peter Jackel, v.p. & pres.-OP Apparel Group; Roger Weyel, v.p.-Bayly Apparel.

Directors: David T. Marantette, III, chairman; Charles J. Bock, John J. Brinkel, Leet E. Denton, Ronald T. Hill, Charles F. Talbot, Jr., Richard P. Thrush.

Business Activities: Manufacturer of leisure and utility apparel, largely men's and boy's clothing. Jeans and leisure wear comprise the major portion of its operations. Also operates retail stores specializing in sports equipment and casual wear.

Divisions and Subsidiaries:

Aspen Leaf, Inc.

Operates retail stores in Denver and Colorado Springs, Colorado, Minneapolis, Minnesota, and Dallas, Texas.

Bayly Apparel Division

Manufactures a wide assortment of men's, women's and children's clothing.

Transfer Agent(s):

Bank of America, N.A. & S.A.
55 Hawthorne Street
San Francisco, California 94105

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BAYL (NASDAQ)

Number of Stores: (at fiscal year end)

1986	22	1983	8
1985	13	1982	9
1984	10		

Sales and Earnings

	Net Sales +	Net Income +
1986	\$ 182,504,000	\$ 2,528,000
1985	158,592,000	(598,000)
1984	131,585,000	1,194,000
1983	101,632,000	3,204,000
1982	92,959,000	(2,531,000)
	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,394,000	\$ 1.06
1985	2,401,000	—
1984	2,435,000	0.49
1983	2,409,000	1.33
1982	2,716,000	—

(Loss)

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1986	1985
Apparel	\$ 173,832	\$ 145,195
Retail	8,512	12,860
Other income	160	537
Total	\$ 182,504	\$ 158,592

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1986	\$0.12	—	—
1985	0.12	—	—
1984	0.12	—	—
1983	0.07	—	4-for-1
1982	0.05	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 24,527,000	\$ 10.25
1985	24,522,000	10.21
1984	25,292,000	10.39
1983	23,986,000	9.96
1982	23,463,312	8.64

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended Oct. 31	1986	1985
Net sales	\$ 182,344,000	\$ 158,055,000
Other income	160,000	537,000
Total income	\$ 182,504,000	\$ 158,592,000
Cost of sales	123,542,000	113,321,000
Expenses	46,764,000	38,712,000
Shipping exp.	4,519,000	4,063,000
Interest expense	2,859,000	3,831,000
Inc. (loss) bef. taxes	\$ 4,820,000	\$ (1,335,000)
Income taxes (credit)	2,292,000	(737,000)
Net Income (Loss)	\$ 2,528,000	\$ (598,000)

* Included in Costs and Expenses. Depreciation: \$4,174,000 in 1986 and \$4,030,000 in 1985.

Assets		
As of Oct. 31	1986	1985
Cash & cert. of deposit	\$ 3,773,000	\$ 3,360,000
Accts. receiv., net	20,387,000	17,431,000
Refundable taxes	1,403,000	2,813,000
*Inventories	38,810,000	23,253,000
Def. inc. tax benefits	270,000	306,000
Prepaid expenses	1,274,000	327,000
Current Assets	\$ 65,917,000	\$ 47,490,000
#Fixed assets	10,721,000	9,123,000
Other assets	4,150,000	6,176,000
Total Assets	\$ 80,788,000	\$ 62,789,000
Liabilities		
Note payable	\$ 18,269,000	\$ 1,275,000
Long-term debt, curr.	2,212,000	3,885,000
Accts. payable	16,257,000	12,254,000
Accruals	8,315,000	5,362,000
Curr. Liabilities	\$ 45,053,000	\$ 22,776,000
Long-term debt	9,884,000	14,148,000
Deferred inc. taxes	1,324,000	1,343,000
+ Common stock	2,816,000	2,816,000
Add. paid-in capital	718,000	544,000
Retained earnings	25,913,000	23,662,000
Treasury stock	(4,920,000)	(2,500,000)
Total Liabilities & Shareholders' Equity	\$ 80,788,000	\$ 62,789,000

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.64	—
%Net Income to Sales	1.39	—
%Net Income to Equity	10.31	—
Sales to Inventories	4.70	6.80
Debt to Equity	0.40	0.79
Working Capital	\$20,864,000	\$24,714,000
Current Ratio	1.46	2.09
Shareholders' Equity	\$24,527,000	\$24,522,000

The Becker Milk Company Limited

671 Warden Avenue
Scarborough, Ontario, Canada M1L 3Z7
(416) 698-2591

Officers: Frank A. Bazos, chairman of the board; Robert W. Lowe, honorary vice chairman; Geoffrey W.J. Pottow, president; Robert Bazos, vice chairman; George Panos, vice chairman; Arvi Magi, exec. v.p., treasurer & secretary; Harold Keene, Lorne Smith, v.p.'s.

Directors: Frank A. Bazos, chairman; Robert W. Lowe, R.J. Kane, Robert Bazos, E.S. Miles, George Panos, Geoffrey W.J. Pottow, Arvi Magi, R.S. Paddon.

Business Activities: Operates a chain of dairy and convenience stores throughout Ontario. Also engaged in the business of processing milk and dairy products.

Divisions and Subsidiaries:

Starlight Variety Stores

Transfer Agent(s):

The Royal Trust Company
Toronto, Ontario, Canada
Montreal, Quebec, Canada

Stock Exchange(s): Toronto

Ticker Symbol: BEKQ

Number of Stores: (at fiscal year end)

1986	692	1983	653
1985	681	1982	649
1984	653		

Sales and Earnings

	Net Sales	Net Income \$
1986	\$ 312,958,537	\$ 5,550,560
1985	283,084,979	6,699,151
1984	257,226,204	5,676,774
1983	233,113,251	5,033,470
1982	224,571,881	4,878,542

	No. of Com. Shares #	Earn. per Share #
1986	1,728,360	\$ 3.19
1985	1,728,360	3.86
1984	1,728,360	3.26
1983	1,728,360	2.89
1982	1,728,360	2.81

† Including extraordinary gain of \$582,000 (\$0.34 per share) in 1985.

Based on common shares and Class B preference shares combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.55	—	—
1985	0.55	—	—
1984	0.55	—	—
1983	0.55	—	—
1982	0.55	—	—

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	\$ 46,703,342	\$ 27.02
1985	43,217,655	25.01
1984	37,589,570	21.75
1983	32,983,862	19.08
1982	28,978,249	16.77

† After allowing for Class A preference stock at par value.
‡ Based on common shares and Class B preference shares combined.

Income Account

Year ended April 30	1986	1985
Net sales	\$ 312,958,537	\$ 283,084,979
Cost of sales & expenses	295,495,208	265,678,450
Depreciation & amortization	5,701,318	4,994,667
Interest expense	834,451	526,711
Income before taxes	\$ 10,927,560	\$ 11,885,151
Income taxes	5,377,000	5,768,000
Net Income	\$ 5,550,560	\$ 6,117,151
Extraord. gain	—	582,000
Net Income & extraord. gain	\$ 5,550,560	\$ 6,699,151

Assets

As of April 30	1986	1985
Cash	\$ 68,550	\$ 65,500
Accts. receiv., net	2,757,967	2,517,125
*Inventories	27,924,195	23,406,826
Income tax refund	872,827	3,981,411
Prepaid expenses	457,994	675,631
Mortg. receiv.	140,029	12,204
Current Assets	\$ 32,221,562	\$ 30,658,697
Investments	118,625	140,482
#Fixed assets	48,493,094	44,684,265
Other assets	905,377	1,174,307
Total Assets	\$ 81,738,658	\$ 76,657,751

Liabilities

	1986	1985
Bank indebtedness	\$ 8,383,920	\$ 7,320,128
Accts. payable & accruals	17,411,615	19,289,348
Dividends payable	1,512,311	518,501
Sundry mortg. & debenture payable	1,042,986	763,816
Curr. Liabilities	\$ 28,350,836	\$ 27,891,800
Bank loan	6,875,000	3,375,000
Long-term debt:		
Deferred franchise income	187,272	220,833
Mortg. payable	689,005	906,990
Other debt	477,594	454,694
Less curr. portion	(1,042,986)	(763,816)
Deferred inc. taxes	931,095	787,095
+ Class A preferred	567,500	567,500
+ + Class B preferred	916,955	916,955
+ + + Common stock	288	288
Retained earnings	45,786,099	42,300,412
Total Liabilities & Shareholders' Equity	\$ 81,738,658	\$ 76,657,751

* At lower of cost (FIFO) or net realizable value.
Less accumulated depreciation and amortization.
+ \$100 par value; 6% cumulative.
+ + No par value; non-voting, non-cumulative.
+ + + No par value.

Statistical Summary

	1986	1985
%Income bef. Taxes to Sales	3.49	2.16
%Net Income to Sales	1.77	2.37
%Net Income to Equity	11.74	13.97
Sales to Inventories	11.21	12.09
Debt to Equity	0.10	0.10
Working Capital	\$ 3,870,726	\$ 2,766,897
Current Ratio	1.14	1.10
Shareholders' Equity	\$47,270,842	\$43,785,155

Begley Company

P.O. Box 1000
Eastern Kentucky University Bypass
Richmond, Kentucky 40475
(606) 623-2550

Officers: Robert J. Begley, chairman of the board and president; Donald R. Snyder, exec. v.p. and treasurer; Wendell W. Lake, sr. v.p.-Dry Cleaning Division; Clarence E. Fain, v.p.-distribution; Conley C. Congleton, v.p.-general counsel & secretary; Ronald G. Clagson, controller and asst. treasurer; Billy R. Masters, v.p.-management information services; Orlando F. Segneri, sr. v.p.-retail operations; Mitchell Jacobs, v.p.-marketing & merchandising.

Directors: Robert J. Begley*, chairman; Robert L. Maddox, Jr., Russell Steele Gregory, Donald R. Snyder*, Robert R. Martin*, Wendell W. Lake, Tracy Farmer, Orlando F. Segneri.

* Member of the Executive Committee.

Business Activities: Operates a chain of drug stores in Kentucky. Also operates dry cleaners in Florida, Illinois, Alabama, Indiana, Iowa, Kentucky, Missouri, Tennessee, Michigan and Virginia under the names "Big B", "Superior" and "Key One Hour Cleaners." Also operates six home health centers in Kentucky.

Subsidiaries:

B & B Equipment & Supply Company
Richmond, Kentucky
Distributor of dry cleaning supplies.

Convenience Manufacturing Corporation
Richmond, Kentucky
Manufacture drive-in windows.

Transfer Agent(s):

The Central Trust Company
Cincinnati, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BGLY (NASDAQ)

Number of Stores:

	Drug Stores	Apothecaries	Dry Cleaners	Home Health Centers
1987	40	—	127	6
1986	40	—	132	6
1985	42	—	125	5
1984	45	—	108	4
1983	43	3	91	4

Sales and Earnings

	Oper. Revenues	Net Income
1987	\$ 72,966,952	\$ 24,120
1986	70,395,435	701,277
1985	66,104,802	694,843
1984	61,460,456	733,460
1983	56,786,439	806,592
	No. of Com. Shares	Earn. per Share #
1987	554,318	\$ 0.04
1986	552,535	1.27
1985	552,290	1.26
1984	553,263	1.33
1983	547,945	1.47

Based on the average number of shares outstanding.

Revenues By Line of Business

	1987	1986	1985	1984
Drug stores	72%	73%	76%	75%
Dry cleaning	28	27	24	25
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.72	—	—
1986	0.72	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 10,337,196	\$ 18.65
1986	10,688,276	19.34
1985	10,375,758	18.79
1984	10,073,433	18.21
1983	9,608,378	17.54

Income Account *

Year ended March 31	1987	1986
Net sales	\$ 52,700,960	\$ 51,048,492
Other income	20,201,992	19,346,943
Total income	\$ 72,966,952	\$ 70,395,435
Cost of sales	33,897,992	32,807,323
Expenses	38,120,132	34,928,026
Other expense (income)	(307,014)	98,199
Interest expense	1,204,722	1,262,610
Income before taxes	\$ 51,120	\$ 1,299,277
Income taxes	27,000	598,000
Net Income	\$ 24,120	\$ 701,277

Home and Automobile Insurance Co.
209 West Jackson Boulevard
Chicago, Illinois 60606

Cypress Insurance Company
Pasadena, California

See's Candy Shops, Inc.

Operates 215 retail stores in 12 western and midwestern states, offering boxed chocolates and other confectionary items that it manufactures.

Wesco Financial Corporation (80.1% owned)
315 E. Colorado Boulevard
Pasadena, California 91109

Illinois National Bank & Trust Co. of Rockford
(98% owned)
228 Main Street
Rockford, Illinois 61101

Sun Newspapers, Inc.
900 S. 74 Plaza, Suite 400
Omaha, Nebraska 68114

Blue Chip Stamps
5801 South Eastern Avenue
Los Angeles, California 90040

Precision Steel Warehouse, Inc. (80% owned)
Franklin Park, Illinois

Associated Retail Stores, Inc.
Long Island City, New York
Operates a chain of 90 popular priced women's apparel stores.

Nebraska Furniture Mart (90% owned)
Omaha, Nebraska
Operates a discount furniture store in Nebraska.

The Scott & Fetzer Company
Westlake, Ohio

The Fechheimer Brothers Company (84% owned)
Cincinnati, Ohio

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BKHT (NASDAQ)

Number of Stores: (at fiscal year end)

Year	1986	1985	1984	1983	1982
N.A.	N.A.	306	298	293	291

N.A. - Not Available.

Sales and Earnings

	Revenues ‡	Net Income
1986	\$2,167,603,000	\$ 282,361,000
1985	933,485,000	435,815,000
1984	724,622,000	148,895,000
1983	599,057,000	112,166,000
1982	517,512,000	46,374,000

	No. of Com. Shares	Earn. per Share †
1986	1,147,000	\$ 246.19
1985	1,147,000	379.99
1984	1,147,000	129.82
1983	1,147,000	105.15
1982	987,000	47.01

‡ Revenues include insurance premiums, sales and service revenues, and interest and dividend income.

† Based on the average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Insurance	\$ 931,379	\$ 412,481
Candy	151,861	145,103
Retailing of home furn.	135,501	123,292

Newspaper	114,267	107,864
Encyclopedias	285,356	—
Home cleaning prods.	113,547	—
Other	444,754	151,124
Total	\$ 2,176,665	\$ 939,864

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$2,377,797,000	\$ 2,073.06
1985	1,885,330,000	1,643.71
1984	1,271,761,000	1,108.77
1983	1,119,193,000	975.83
1982	727,483,000	737.43

Income Account * (000's)

Year ended	12/21/86	12/28/85
Insurance prem. earned	\$ 823,884	\$ 317,059
Sales & service rev.	1,225,290	508,764
Int. & dividend income	118,429	107,662
Eq. in earn. of unconsolid. subsid.	9,062	1,379
Revenues	\$ 2,176,665	\$ 939,864
Cost of prods. & serv. sold	651,717	281,925
Expenses	423,562	150,423
Insurance losses	655,758	280,249
Insurance underwriting expense	223,970	81,040
Interest expense	23,892	14,415
Income before taxes	\$ 195,766	\$ 127,812
Income taxes	59,152	31,271
Minority interest	5,150	3,593
Real. invest. gain	(150,897)	(342,867)
Net Income	\$ 282,361	\$ 435,815

* Included in Costs and Expenses, Depreciation and Amortization: \$25,993,000 in 1986 and \$9,592,000 in 1985.

Assets (000's)

As of	12/21/86	12/28/85
Cash	\$ 292,473	\$ 1,017,667
Accts. receiv., net	434,703	156,362
*Inventories	159,660	37,386
Investments	2,996,322	1,658,692
#Fixed assets	212,211	69,369
Other assets	140,183	114,705
Goodwill	126,957	75,169
Def. insur. prem. acq. costs	79,146	51,368
Total Assets	\$ 4,441,655	\$ 3,180,718

Liabilities (000's)

Long-term debt	\$ 94,923	\$ 117,879
Losses & loss adj. expenses	860,228	411,305
Unearned premiums	414,986	229,440
Accts. payable, accruals & other liab.	236,157	120,823
Income taxes	414,275	381,581
Min. shareholders' int.	43,289	34,360
+ Common stock	6,876	6,876
Add. paid-in capital	157,377	157,377
Apprec. of eq. securities	874,813	664,707
Retained earnings	1,379,669	1,097,308
Treasury stock	(40,938)	(40,938)
Total Liabilities & Shareholders' Equity	\$ 4,441,655	\$ 3,180,718

* At lower of cost (primarily LIFO) or market. Remainder at FIFO or average.

Less accumulated depreciation and amortization.

+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.99	13.60
%Net Income to Revenues	12.97	46.37

%Net Income to Equity	11.87	23.12
Debt to Equity	0.04	0.06
Shareholders' Equity	\$2,377,797,000	\$1,885,330,000

Best Products Co., Inc.

Parham Road at I-95
Richmond, Virginia 23227
(804) 261-2000

Mailing address:

P.O. Box 26303
Richmond, Virginia 23260

Officers: Robert E. Huntley, chairman, president & chief exec. officer; Frances A. Lewis, vice chairman & exec. v.p.; J. Lee Hawks, sr. v.p.-operations; Robert A. Kendig, sr. v.p.-Merchandising; Dudley L. Parker, Jr., sr. v.p.-administration; Fred A. Wollenberg, sr. v.p.-planning & mgmt. services; William F. Costello, exec. v.p. & chief financial officer; James J. Spencer, corp. secretary & treasurer; John Penn, v.p.-real estate & facilities development; Sydney Lewis, chairman-exec. committee.

Directors: Robert L. Burrus, Jr., David Arenstein, Robert Huntley, Sydney Lewis, Frances Lewis, H. Fred Krimendahl, II, Ross R. Millhiser, James C. Wheat, Jr., Susan L. Butler, Cathleen Douglas Stone, Frank S. Royal, Lucy Billingsley.

Business Activities: Sells jewelry and nationally advertised brand-name merchandise through 194 catalog showrooms in 27 states under the name Best and operates an 11-store jewelry store chain, Best Jewelry.

Transfer Agent(s):

United Virginia Bank
919 East Main Street
Richmond, Virginia 23219

Stock Exchange(s): New York

Ticker Symbol: BES

Number of Stores: (at fiscal year end)

1987	205	1984	197
1986	257	1983	189
1985	244		

Sales and Earnings

	Net Sales	Net Income †
1/31/87	\$2,142,118,000	\$ (25,593,000)
2/1/86	2,234,768,000	2,223,000
2/2/85	2,252,656,000	13,609,000
1/28/84	2,081,328,000	33,013,000
1/29/83	1,581,650,000	26,121,000

No. of Com. Shares

	No. of Com. Shares #	Earn. Per Share †
1/31/87	26,984,000	\$ —
2/1/86	26,936,000	0.08
2/2/85	27,096,000	0.50
1/28/84	26,443,000	1.25
1/29/83	17,660,000	1.48

(Loss)

† Including extraordinary loss of \$2,600,000 in 1987.

Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1/31/87	\$0.12	—	—
2/1/86	0.24	—	—
2/2/85	0.24	—	—
1/28/84	0.23	—	3-for-2
1/29/83	0.21	—	—

† Adjusted to reflect stock split.

Best Products Co., Inc.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1/31/87	\$ 386,790,000	\$ 14.33
2/1/86	415,028,000	15.41
2/2/85	418,778,000	15.46
1/28/84	414,635,000	15.68
1/29/83	317,655,000	17.99

‡ After allowing for preferred stock at par value.

† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account (000's)

As of	1/31/87	2/1/86
Net sales	\$ 2,142,118	\$ 2,234,768
Cost of sales	1,592,984	1,685,198
Expenses	419,037	434,958
Depreciation & amortization	66,647	67,341
Interest expense	50,190	43,795
Prov. for restructuring	38,078	—
Income (loss) bef. taxes	\$ (24,818)	\$ 3,476
Income taxes (credit)	(1,825)	1,253
Net income (Loss)	\$ (22,993)	\$ 2,223
Extraord. loss	(2,600)	—
Net Income (Loss) & extraord. loss	\$ (25,593)	\$ 2,223

Assets (000's)

As of	1/31/87	2/1/86
Cash	\$ 103,197	\$ 15,126
Accts. receiv., net	29,670	45,050
*Inventories	649,862	737,051
Prepaid expenses	34,824	23,459
Current Assets	\$ 816,853	\$ 840,686
Investments	132,732	150,888
#Fixed assets	306,478	335,971
Other assets	9,574	4,430
Total Assets	\$ 1,265,637	\$ 1,331,975

Liabilities (000's)

Long-term debt, & cap. lease oblig., curr.	\$ 8,236	\$ 7,345
Accts. payable	293,230	429,919
Accruals	98,937	91,911
Income taxes	—	515
Curr. Liabilities	\$ 400,403	\$ 529,690
Long-term debt	311,563	201,017
Cap. lease oblig.	152,397	169,624
Deferred credits	14,116	16,248
+ Preferred Stock	368	368
+ + Common Stock	26,991	27,154
Add. paid-in capital	199,344	201,376
Retained earnings	160,455	189,306
Treasury stock	—	(2,808)

Total Liabilities & Shareholders' Equity	\$ 1,265,637	\$ 1,331,975
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* At lower of cost (LIFO) or market. Electronics inventories at FIFO.

Less accumulated depreciation and amortization.

+ \$10 par value, 6% cumulative, Series A.

+ + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.16
% Net Income to Sales	—	0.10
% Net Income to Equity	—	0.54
Sales to Inventories	3.30	2.95
Debt to Equity	0.80	0.91
Working Capital	\$416,450,000	\$310,996,000
Current Ratio	2.04	1.59
Shareholder's Equity	\$387,158,000	\$415,396,000

Big B, Inc.

2600 Morgan Road at I-459
Bessemer, Alabama 35023
(205) 424-3421

Mailing address:
P.O. Box 10166
Birmingham, Alabama 35202

Officers: Joseph Bruno, chairman of the board; Anthony J. Bruno, president; Arthur M. Jones, Sr., exec. v.p., secretary & treasurer; Vincent J. Bruno, v.p.-merchandising & adv.; Bobby W. Little, v.p.-store operations; John F. Hight, Jr., v.p.-professional relations.

Directors: Joseph Bruno, chairman; Anthony J. Bruno, Arthur M. Jones, Sr., Vincent J. Bruno, Isaac L. Alderman, Katherine M. McTyeire, Richard Cohn.

Business Activities: Operates 140 Big "B" drugstores, 5 B-Mart food and drug stores, and 5 Home Health Care centers, and 3 Drugs for Less discount drugstores in five southern states, with the majority located in Alabama.

Transfer Agent(s):

First Alabama Bank
Montgomery, Alabama

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BIGB (NASDAQ)

Number of Stores: (at fiscal year end)

1987	153	1984	99
1986	135	1983	83
1985	114		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 209,787,000	\$ 4,469,000
1986	175,431,000	4,039,000
1985	148,067,000	4,442,000
1984	116,988,000	3,471,000
1983	87,413,000	2,541,000

No. of Com. Shares †

1987	7,369,245	\$ 0.61
1986	6,609,745	0.61
1985	6,574,416	0.68
1984	6,559,844	0.53
1983	6,553,828	0.39

† Adjusted to reflect stock split.

Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 57,527,000	\$ 7.81
1986	34,563,000	5.23
1985	30,194,000	4.59
1984	25,534,000	3.89
1983	22,026,000	3.36

† Adjusted to reflect stock split.

Income Account (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 209,787	\$ 175,431
Cost of sales	147,536	124,247
Expenses	50,879	42,462
Depreciation & amortization	2,505	1,626

Interest expense	894	378
Interest income	(236)	(12)
Income before taxes	\$ 8,209	\$ 6,730
Income taxes	3,740	2,691
Net Income	\$ 4,469	\$ 4,039

Assets (000's)

As of	1/31/87	2/1/86
Cash & temp. cash invest.	\$ 8,739	\$ 2,357
Receivables, net	5,119	2,770
*Inventories	57,763	48,375
Prepaid expenses	1,282	961
Current Assets	\$ 72,903	\$ 54,463
#Fixed assets	21,059	19,118
Cash surrender value of life insur. policy	242	145
Total Assets	\$ 94,204	\$ 73,726

Liabilities (000's)

Long-term debt & cap. lease oblig., curr.	\$ 174	\$ 147
Notes payable	—	4,000
Accts. payable	21,491	21,827
Accruals	3,226	2,754
Due to Bruno's	1,130	389
Curr. Liabilities	\$ 26,021	\$ 29,117
Long-term debt & cap. lease oblig.	7,730	7,905
Deferred comp.	216	171
Deferred gains	394	429
Deferred inc. taxes	2,316	1,541
+ Common stock	79	66
Add. paid-in capital	32,515	14,033
Retained earnings	24,933	20,464
Total Liabilities & Shareholders' Equity	\$ 94,204	\$ 73,726

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.91	3.84
%Net Income to Sales	2.13	2.30
%Net Income to Equity	7.77	11.69
Sales to Inventories	3.63	3.63
Debt to Equity	0.13	0.35
Working Capital	\$46,882,000	\$25,346,000
Current Ratio	2.80	1.87
Shareholders' Equity	\$57,527,000	\$34,563,000

Big Bear, Inc.

770 West Goodale Boulevard
Columbus, Ohio 43212
(614) 464-6500

Officers: Michael J. Knitans, president & chief exec. officer; William T. Flyg, v.p., treasurer & chief financial officer; David W. Godfrey, v.p. & gen. mgr.-Hart Stores, Inc.; Richard L. Vogel, v.p. & dir.-supermarket operations; Samuel J. Saporito, v.p.-merchandising; Charles H. Hite, secretary.

Directors: Gerald D. Cramer, Steven M. Friedman, David W. Godfrey, Michael J. Knitans, Leon Levy, Jack Nash, Dean E. Smith, Richard L. Vogel, Charles H. Hite.

Business Activities: Through Big Bear Stores Company, a wholly owned subsidiary, operates 62 supermarkets in Ohio and West Virginia. Through Hart Stores, Inc., a wholly owned subsidiary of Big Bear Stores Company, operates 28 discount department stores in Ohio, West Virginia and Kentucky. Through Big Bear Bakeries, Inc., also a wholly owned subsidiary of Big Bear Stores Company, produces and distributes fresh bakery products to all of the Company's supermarkets.

Big V Supermarkets, Inc.

Subsidiaries:

Big Bear Stores Company
Hart Stores, Inc.
Big Bear Bakeries, Inc.

Transfer Agent(s):

Manufactures Hanover Trust Company
450 West 33rd Street
New York, New York 10071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BGBR (NASDAQ)

Number of Stores: (at fiscal year end)

	Supermarkets	Department Stores
1986	62	28
Sales and Earnings		
	Net Sales	Net Income
1986	\$ 861,630,000	\$ 13,220,000
1985*	828,102,000	14,973,000
1984	747,373,000	10,141,000
1983	704,311,000	9,831,000
1982	652,368,000	8,575,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	6,815,151	\$ 1.94
1985*	6,876,075	2.18
1984	7,081,250	1.43
1983	6,794,258	1.45
1982	7,536,065	1.14

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Supermarkets	\$ 674,316	\$ 647,578
Discount dept. stores	187,314	180,524
Total	\$ 861,630	\$ 828,102

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 78,505,000	\$ 11.52
1985	65,285,000	9.49
1984	52,561,000	7.42
1983	42,420,000	6.24
1982	28,508,000	3.78

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

	8/30/86	8/31/85 (53 weeks)
Net sales	\$ 861,630	\$ 828,102
Cost of sales	632,240	603,599
Expenses	199,292	191,508
Interest expense	7,362	8,207
Interest income	(1,728)	(2,017)
Gain of sale of prop.	—	(773)
Income bef. taxes	\$ 24,664	\$ 27,578
Income taxes	11,444	12,605
Net Income	\$ 13,220	\$ 14,973

* Income in Costs and Expenses, Depreciation and Amortization: \$10,549,000 in 1986 and \$9,185,000 in 1985.

	Assets (000's)	8/30/86	8/31/85
As of			
Cash	\$ 34,445	\$ 41,504	
Accts. receiv., net	5,313	4,554	

*Inventories	71,115	73,504
Prepaid expenses	1,831	2,078
Deferred inc. taxes	4,888	5,072

Current Assets	\$ 117,592	\$ 126,712
* Fixed assets	87,373	82,686
Other assets	614	694

Total Assets	\$ 205,579	\$ 210,092
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Liabilities (000's)

Long-term debt, curr.	\$ 4,570	\$ 4,200
Accts. payable	42,121	49,782
Accrued profit-sharing	8,157	9,542
Accrued taxes	21,921	24,957
Income taxes	2,531	2,251
Liab. for stamp redemp.	4,987	4,354

Curr. Liabilities	\$ 84,287	\$ 95,056
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Long-term debt & cap. lease oblig.	30,964	39,549
Deferred inc. taxes	11,823	10,202
+ Common stock	71	64
Add. paid-in capital	16,580	6,112
Retained earnings	64,103	61,338
Treasury stock	(2,249)	(2,249)

Total Liabilities & Shareholders' Equity	\$ 205,579	\$ 210,092
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* At lower of cost (LIFO) or market.

‡ Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.86	3.33
%Net Income to Sales	1.53	1.81
%Net Income to Equity	16.84	22.93
Sales to Inventories	12.12	11.27
Debt to Equity	0.45	0.67
Working Capital	\$ 33,305,000	\$ 31,656,000
Current Ratio	1.40	1.33
Shareholders' Equity	\$ 78,505,000	\$ 65,285,000

Big V Supermarkets, Inc.

176 North Main Street
Florida, New York 10921
(914) 651-4411

Officers: William Rosenberg, chairman of the board; A. Richard Rosenberg, president & chief executive officer; Gary S. Koppele, sr. v.p.-administration, treasurer & chief financial officer; David G. Bronstein, president & chief operating officer; E.J. Fox, v.p.-industrial relations; Cornelius J.J. Madera, Jr., sr. v.p.-corp. development, secretary & general counsel; Richard Rantala, v.p.-merchandising; John W. Beisel, Jr., v.p.-operations.

Directors: William Rosenberg, chairman; A. Richard Rosenberg, Walter H. Weiner, Charles Bloom, L. Frederick Polakoff, Joseph N. Hankin, David G. Bronstein.

Business Activities: Operates a chain of 32 supermarkets under the "ShopRite" name, primarily in the Hudson River Valley, New York State.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: BIV

Number of Employees:

1986	32	1983	31
1985	32	1982	31
1984	32		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 861,630,000	\$ 13,220,000
1985	828,102,000	14,973,000

1984	\$42,808,153	1,855,628
1983	\$25,764,394	5,511,843
1982	\$16,681,065	7,302,390

	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,862,389	\$ 1.05
1985	5,404,697	1.06
1984	5,446,610	0.34
1983	5,465,418	1.01
1982	5,492,167	1.33

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.70	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.35	20%	—
1982	0.25	—	3-for-2

+ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 57,736,175	\$ 9.85
1985	42,754,575	7.91
1984	38,991,327	7.16
1983	39,960,067	7.31
1982	36,362,715	6.62

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Income Account

Year ended	12/27/85	12/28/85
Net sales	\$ 587,600,794	\$ 560,627,710
Cost of sales	463,542,989	444,629,285
Expenses	101,068,555	95,729,879
Depreciation & amortization	8,381,418	7,264,609
Interest expense	2,450,747	2,154,753
Income before taxes	\$ 12,157,085	\$ 10,849,784
Income taxes	6,018,000	5,110,000
Net Income	\$ 6,139,085	\$ 5,739,784

Assets

	12/27/86	12/28/85
Cash	\$ 4,965,562	\$ 5,217,083
Cert. of deposit	6,196,181	5,794,088
*Inventories	17,519,475	17,592,418
Prepaid expenses	1,351,365	1,620,712
Other receiv.	2,853,480	4,063,807

Current Assets	\$ 32,886,063	\$ 34,288,108
Investment	6,803,574	6,023,362
*Fixed assets	85,694,293	68,233,455
Other assets	1,747,149	1,576,319

Total Assets	\$ 127,131,079	\$ 110,121,244
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Liabilities

Long-term debt, curr.	\$ 2,058,996	\$ 1,613,802
Cap. lease oblig., curr.	133,353	189,025
Accts. payable	19,192,796	21,466,274
Accruals	4,883,395	5,327,013
Income taxes	712,357	1,436,378

Curr. Liabilities	\$ 26,980,897	\$ 30,032,492
Long-term debt	33,203,678	30,808,336
Cap. lease oblig.	3,424,937	1,363,346
Deferred inc. taxes	5,785,392	5,162,495
+ Common stock:		
Class A	366,658	565,269
Class B	283,611	—

Add. paid-in capital	33,249,970	22,426,737
Retained earnings	26,189,119	22,373,657

Big V Supermarkets, Inc.

Treasury stock	(1,887,831)	(1,887,831)
Deferred compensation	(465,352)	(723,257)
Total Liabilities & Shareholders' Equity	\$ 127,131,079	\$ 110,121,244

* At cost (LIFO).

Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.07	1.94
%Net Income to Sales	1.04	1.02
%Net Income to Equity	10.63	13.42
Sales to Inventories	33.54	31.87
Debt to Equity	0.67	0.79
Working Capital	\$ 5,905,166	\$ 4,255,616
Current Ratio	1.22	1.14
Shareholders' Equity	\$57,736,175	\$42,754,575

1985	1,025,920,000	(1,119,000)
1984	996,236,000	(10,915,000)
1983	1,000,888,000	7,419,000

No. of Com. Shares

Earn. per Share ± #

1987*	2,807,392	\$ 3.27
1986	2,803,404	2.62
1985	2,803,404	—
1984	2,800,729	—
1983	2,845,329	2.57

(Loss)

* 53 weeks.

+ Of continuing operations only.

‡ Including extraordinary gains of \$2,910,000 (\$1.04 per share) in 1987, and \$2,380,000 (\$0.85 per share) in 1986 and \$2,500,000 (\$0.87 per share) in 1983.

Based on the average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 38,782,535	\$ 13.81
1986	30,135,166	10.75
1985	22,797,009	8.13
1984	23,900,749	8.53
1983	35,304,221	12.41

Income Account *

Year ended	1/31/87	1/25/86 (53 weeks)
Net sales	\$ 1,072,998,137	\$ 987,188,166
Cost of sales	805,503,682	735,873,414
Expenses	252,301,371	240,804,304
Interest expense	918,983	811,567
Interest on oblig. under cap. leases	3,226,461	2,360,724
Inc. bef. taxes	\$ 11,047,640	\$ 7,338,157
Income taxes	4,790,000	2,380,000
Net Income	\$ 6,257,640	\$ 4,958,157
Extraord. gain	2,910,000	2,380,000
Net Income & extraord. gain	\$ 9,167,640	\$ 7,338,157

* Included in Costs and Expenses. Depreciation and amortization: \$6,426,364 in 1987 and \$6,637,693 in 1986.

Assets

As of	1/31/87	1/25/86
Cash	\$ 7,900,164	\$ 7,502,284
Receiv., net	12,083,636	9,703,022
*Inventories	57,009,601	52,730,842
Prepaid expenses	10,010,068	6,631,388
Current Assets	\$ 87,003,469	\$ 76,567,536
#Fixed assets	49,679,633	43,787,337
Defer. charges & other assets	7,310,544	5,972,328
Prop. under cap. leases	31,408,079	21,918,398
Total Assets	\$ 175,401,725	\$ 148,245,599

Liabilities

Long-term debt, curr.	\$ 853,809	\$ 552,715
Accts. payable	45,176,426	40,462,484
Accruals	34,753,336	30,510,815
Oblig. under cap. leases, curr.	1,617,139	1,085,170
Curr. Liabilities	\$ 82,400,710	\$ 72,611,184
Long-term debt	8,505,332	8,034,005
Oblig. under cap. leases	32,923,812	25,618,239
Est. self-insurance	10,023,000	8,460,000
Other liab.	2,766,336	3,387,005
+ Common stock	3,018,942	3,013,942
Add. paid-in capital	7,973,517	7,937,207
Retained earnings	29,299,578	20,693,519
Treasury stock	(1,509,502)	(1,509,502)
Total Liabilities & Shareholders' Equity	\$ 175,401,725	\$ 148,245,599

* At lower of cost (LIFO; perishables at average cost) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.03	0.74
%Net Income to Sales	0.58	0.50
%Net Income to Equity	16.14	16.45
Sales to Inventories	18.82	18.72
Debt to Equity	0.22	1.17
Working Capital	\$ 4,602,759	\$ 3,956,352
Current Ratio	1.05	1.05
Shareholders' Equity	\$38,782,535	\$30,135,166

Borman's, Inc.

18718 Borman Avenue
Detroit, Michigan 48228
(313) 270-1000

Mailing address:
P.O. Box 33446
Detroit, Michigan 48232

Officers: Paul Borman, president; Thomas V. Angott, exec. v.p.; Daniel J. Church, v.p.-finance & treasurer; Leonard Borman, secretary; James R. Smith, v.p.-personnel; Ray Rohr, controller; Ted J. Simon, v.p.-real estate.

Directors: Paul Borman, Thomas V. Angott, Daniel J. Church, Leonard Borman, E.L. Koning, Grant C. Gentry, Ted J. Simon, Jack Levine.

Business Activities: Operates Farmer Jack supermarkets located in Detroit and environs; also owns the Detroit Pure Milk Company, a distributor of dairy products, and the Wesley's Quaker Maid Inc., a processor and distributor of ice cream products.

Division and Subsidiaries:

Farmer Jack Supermarkets Division
18718 Borman Avenue
Detroit, Michigan 48228

Detroit Pure Milk Co.
18940 Weaver
Detroit, Michigan 48228

Wesley's Quaker Maid, Inc.
9700 Oakland
Detroit, Michigan 48211

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

The Chase Manhattan Bank
New York, New York

Stock Exchange(s): New York

Ticker Symbol: BRF

Number of Stores: (at fiscal year end)

	Supermarkets	Convenience Stores
1987	83	—
1986	82	16
1985	85	16
1984	85	16
1983	85	15

Sales and Earnings

	Net Sales +	Net Income ‡
1987*	\$1,072,998,000	\$ 11,048,000
1986	967,188,000	7,338,000

Boys Markets, Inc.

5531 Monte Vista Street
Los Angeles, California 90042
(213) 258-8080

Officers: Peter J. Sodini, president & chief exec. officer; George G. Golleher, sr. v.p.-finance & administration & chief financial officer; Harry W. Morder, sr. v.p.-marketing; Vincent Polimene, sr. v.p.-operations; Patrick Barber, v.p. & secretary; James L. Fike, v.p.-human resources.

Directors: Peter J. Sodini, Bradcord M. Freeman, Steven J. Gilbert, C.L. Pecchenino, Will Richeson, Jr., Richard J. Riordan, Ronald P. Spogli.

Business Activities: Operates 46 supermarkets in the greater Los Angeles metropolitan area under the name "Boys Markets." Also operates one drug store.

Transfer Agent(s):

U.S. Stock Transfer Corporation

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BOYS (NASDAQ)

Number of Stores: (at fiscal year end)

	1986	1987*
47		
Sales and Earnings		
Net Sales	\$ 113,651,000	\$ 2,122,000
Net Income	373,836,000	6,211,000
No. of Com. Shares		
1987*	9,200,000	\$ 0.22
1986#	9,200,000	0.65

* 12 weeks.

40 weeks.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	11½-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 15,783,000	\$ 1.72
1986	13,661,000	1.48

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Brown Group, Inc.

Year ended	Income Account *	
	3/22/87 + (12 weeks)	12/28/86 (40 weeks)
Net sales	\$ 113,651,000	\$ 373,836,000
Cost of sales	80,109,000	264,312,000
Expenses	29,811,000	95,876,000
Interest expense	2,295,000	5,745,000
Other income	(1,482,000)	(1,412,000)
Income before taxes	\$ 2,918,000	\$ 9,315,000
Income taxes	796,000	3,104,000
Net Income	\$ 2,122,000	\$ 6,211,000

* Included in Costs and Expenses, Depreciation and Amortization: \$1,214,000 in 1987 and \$3,892,000 in 1986.
+ Unaudited.

As of	Assets	
	3/22/87	12/28/86 +
Cash	\$ 9,572,000	\$ 9,626,000
Trade receivables	2,716,000	2,778,000
Notes receivable	1,370,000	2,082,000
Note receiv.-rel. party	30,000,000	30,000,000
Other receivables	1,665,000	1,133,000
*Inventories	33,642,000	34,998,000
Prepaid expenses	1,464,000	1,288,000
Deposits with suppliers	1,800,000	1,752,000
Current Assets	\$ 82,229,000	\$ 83,657,000
#Fixed assets	86,370,000	83,160,000
Investments	8,498,000	8,397,000
Liquor licenses	755,000	753,000
Deferred tax benefit	1,485,000	1,645,000
Other assets	1,261,000	1,317,000
Total Assets	\$ 180,598,000	\$ 178,929,000
	Liabilities	
	3/22/87	12/28/86
Long-term debt, curr.	\$ 1,022,000	\$ 1,073,000
Other debt, curr.	30,000,000	30,000,000
Cap. lease oblig., curr.	1,034,000	1,034,000
Accounts payable	28,263,000	28,434,000
Accruals	20,826,000	19,122,000
Income taxes	3,634,000	5,424,000
Curr. Liabilities	\$ 84,779,000	\$ 85,087,000
Revolving credit facil.	30,008,000	31,298,000
Long-term debt	11,559,000	11,779,000
Cap. lease oblig.	26,515,000	24,709,000
Amis. pay. to former stockholders	2,801,000	2,801,000
Liab. for self-insurance	7,153,000	7,594,000
+ Redeem. preferred stock	2,000,000	2,000,000
+ Common stock	92,000	92,000
Add. paid-in capital	7,908,000	7,908,000
Stockholder notes receiv.	(550,000)	(550,000)
Retained earnings	8,333,000	6,211,000
Total Liabilities & Shareholders' Equity	\$ 180,598,000	\$ 178,929,000

+ Unaudited.

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.57	2.49
%Net Income to Sales	1.87	1.66
%Net Income to Equity	13.44	45.47
Sales to Inventories	3.38	10.68
Shareholders' Equity	\$15,783,000	\$13,661,000

Officers: B.A. Bridgewater, Jr., chairman of the board, president & chief executive officer; Richard L. Anderson, exec. v.p. & pres.-Wohl Shoe Company; Harry E. Rich, sr. v.p. & chief financial officer; Erik R. Risman, sr. v.p.-specialty retailing; John B. Biggs, Jr., v.p.-personnel & administration; Robert D. Pickle, v.p., corp. secretary & general counsel; William S. Frederick, v.p. & controller; J. J. Cramer, v.p. & pres.-Brown Group International; Douglas W. Walrod, v.p.-real estate; Andrew M. Rosen, treasurer.

Directors: W.L. Hadley Griffin*, John J. Cardwell, Edward L. O'Neill, Warren McK. Shapleigh*, Monte E. Shomaker, Richard W. Shomaker*, Armand C. Stalnaker*, B.A. Bridgewater, Jr.*, Daniel R. Toll, William E. Maritz, Harry E. Rich*, Joan F. Lane.

* Member of the Executive Committee.

Business Activities: Manufactures, markets and retails brand-name, nationally advertised women's, men's and children's footwear. Also operates leased retail shoe departments in department stores and company-owned shoe stores, retail fabric stores, family fashion stores, retail linen stores and cosmetics/accessories retail outlets.

Divisions:

Footwear
Brown Shoe Company
8300 Maryland Avenue
St. Louis, Missouri 63105
Manufactures and distributes footwear.

Brown Shoe Co. of Canada, Ltd.
1857 Rogers Road
Perth, Ontario, Canada K7H 3E3
Manufactures and distributes footwear.

Wohl Shoe Company
8350 Maryland Avenue
St. Louis, Missouri 63105
Operates leased shoe departments and shoe stores.

Regal Shoe Shops
8400 Maryland Avenue
St. Louis, Missouri 63105
Operates leased shoe departments and shoe stores.

Arnold Dunn, Inc.
Imports women's better grade footwear.

Specialty Retailing

Cloth World
St. Louis, Missouri
Operates retail fabric stores.

Meis Family Fashion Stores
624 Wabash Avenue
Terre Haute, Indiana 47808
Operates family fashion stores.

Linen Center
St. Louis, Missouri
Stores featuring off-price branded merchandise for the bath and bedroom.

Etage
Retail sale of beauty products, jewelry and fashion accessories to young women.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Center Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63101

Stock Exchange(s): New York, Midwest

Ticker Symbol: BG

Number of Stores* (at fiscal year end)

1986	4,168	1983	4,337
1985	4,324	1982	4,291
1984	4,416		

* Includes company-owned stores, leased departments, and independently owned affiliates.

Sales and Earnings

	Net Sales + (000's)	Net Income
1986	\$ 1,400,196	\$ 40,138,000
1985	1,400,077	37,814,000
1984*	1,436,253	54,063,000
1983	1,354,780	67,199,000
1982	1,246,033	59,590,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	18,524,000	\$ 2.17
1985	19,778,000	1.91
1984*	20,419,000	2.65
1983	21,020,000	3.20
1982	21,464,000	2.78

* 53 weeks.

+ Of continuing operations only.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1986	1985
Footwear	\$ 1,055,841	\$ 1,074,253
Specialty retailing	344,355	325,824
Total	\$ 1,400,196	\$ 1,400,077

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.44	—	—
1985	1.36	—	—
1984	1.28	—	—
1983	1.04	—	2-for-1
1982	0.88	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 346,960,000	\$ 19.25
1985	376,945,000	19.72
1984	400,211,000	19.81
1983	389,821,000	18.81
1982	364,457,000	17.28

+ Adjusted to reflect stock split.

Income Account * (000's)

Year ended	11/1/86	11/2/85
Net sales	\$ 1,400,196	\$ 1,400,077
Cost of sales	808,453	809,050
Expenses	516,237	499,967
Interest expense	9,930	7,695
Sundry income	(4,237)	(4,905)
Income before taxes	\$ 69,813	\$ 88,270
Income taxes	29,675	39,499
Inc. - cont. oper.	\$ 40,138	\$ 48,771
Loss-discont. oper.	—	(10,957)
Net Income	\$ 40,138	\$ 37,814

* Included in Costs and Expenses, Depreciation and Amortization: \$25,882,000 in 1986 and \$24,299,000 in 1985.

Assets (000's)

As of	11/1/86	11/2/85
Cash & cash invest.	\$ 36,200	\$ 25,943
Accts. receiv., net	127,896	126,704
*Inventories	309,426	308,949
Prepaid exp. & other assets	20,441	17,916
Current Assets	\$ 493,963	\$ 479,512

Brown Group, Inc.

8400 Maryland Avenue
P.O. Box 29
St. Louis, Missouri 63166
(314) 854-4000

Brown Group, Inc.

#Fixed assets	126,765	126,527
Other assets	37,590	29,278
Total Assets	\$ 658,318	\$ 635,317
Liabilities		
(000's)		
Long-term debt, curr.	\$ 7,641	\$ 1,133
Accts. payable	81,900	95,504
Accruals	32,930	30,819
Employee compensation & benefits	29,807	38,865
Income taxes	7,114	9,985
Curr. Liabilities	\$ 159,392	\$ 176,306
Long-term debt & cap. leases	130,902	59,798
Deferred comp. plans	11,949	16,335
Deferred inc. taxes	9,115	5,933
+ Common stock	67,574	71,677
Add. paid-in capital	17,961	18,568
Retained earnings	263,915	288,947
Com. trans. adjust.	(2,490)	(2,247)
Total Liabilities & Shareholders' Equity	\$ 658,318	\$ 635,317

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$3.75 par value.

Statistical Summary		
%Net Income to Equity	11.57	10.03
Sales to Inventories	4.53	4.53
Debt to Equity	0.38	0.16
Working Capital	\$334,571,000	\$303,200,000
Current Ratio	3.10	2.72
Shareholders' Equity	\$346,960,000	\$376,945,000

Bruno's, Inc.

300 Research Parkway
 Birmingham, Alabama 35211
 (205) 940-9400

Mailing Address:
 P.O. Box 2486
 Birmingham, Alabama 35201-2486

Officers: Angelo J. Bruno, chairman of the board & chief exec. officer; Lee J. Bruno, vice chairman & sr. v.p.; Ronald G. Bruno, president & chief operating officer; Glenn J. Griffin, sr. v.p., chief financial officer & secretary; Paschal P. Vacca, v.p.-counsel; Paul F. Garrison, exec. v.p.

Directors: Angelo J. Bruno, Lee J. Bruno, James C. Baldone, Joseph S. Bruno, Paul F. Garrison, Richard Cohn, Paschal P. Vacca, Ronald G. Bruno, Judy M. Merritt, Benny M. Larussa, Jr.

Business Activities: Operates supermarkets and combination food and drug stores under the names "Consumer Warehouse Foods," "Bruno's Food Store," "Bruno's Food & Pharmacy," "Foodmax" and "Food World," principally in Alabama.

Transfer Agent(s):
 AmSouth Bank
 P.O. Box 11426
 Birmingham, Alabama 35202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: BRNO (NASDAQ)

Number of Stores: (at fiscal year end)		
1986	104	1983 68
1985	94	1982 72
1984	78	

Sales and Earnings		
	Net Sales +	Net Income
1986	\$1,018,431,000	\$ 30,251,000
1985	886,748,000	24,552,000
1984	715,761,000	18,845,000

1983	605,156,000	15,153,000
1982	549,297,000	12,392,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	39,481,972	\$ 0.77
1985	35,737,040	0.69
1984	35,602,252	0.53
1983	33,718,878	0.45
1982	32,958,156	0.38

+ Of continuing operations only.
 ‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock		
	Cash Dividend ‡	Stock Dividend Split
1986	\$0.16	—
1985	0.14	—
1984	0.12	2-for-1
1983	0.10	—
1982	0.08	2-for 1

‡ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 177,184,000	\$ 4.49
1985	153,009,000	4.28
1984	84,101,000	2.36
1983	69,469,000	2.06
1982	40,818,000	1.24

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account		
Year ended	6/28/86	6/29/85
Net sales	\$1,018,431,000	\$ 886,748,000
Cost of sales	809,854,000	707,379,000
Expenses	149,101,000	127,489,000
Depreciation & amortization	11,050,000	9,357,000
Interest	2,173,000	1,557,000
Interest income	(2,508,000)	(2,826,000)
Income before taxes	\$ 48,761,000	\$ 43,792,000
Income taxes	18,510,000	19,240,000
Net Income	\$ 30,251,000	\$ 24,552,000

Assets		
	6/28/86	6/29/85
Cash & temp. cash invest.	\$ 52,580,000	\$ 70,804,000
Accts. receiv., net	4,563,000	5,913,000
Inventories	72,511,000	48,396,000
Prepaid expenses	4,187,000	2,218,000
Current Assets	\$ 133,841,000	\$ 127,331,000
#Fixed assets	156,094,000	107,998,000
Other assets & defer. charges	1,524,000	1,323,000
Total Assets	\$ 291,459,000	\$ 236,652,000

Liabilities		
	6/28/86	6/29/85
Long-term debt & cap. lease oblig., curr.	\$ 1,769,000	\$ 1,946,000
Accts. payable	70,569,000	41,727,000
Income taxes	299,000	1,477,000
Accruals	13,116,000	13,294,000
Curr. Liabilities	\$ 75,753,000	\$ 58,444,000
Long-term debt	6,250,000	7,192,000
Cap. lease oblig.	7,967,000	7,982,000
Deferred compensation	4,102,000	3,661,000
Deferred inc. taxes	10,203,000	6,364,000
+ Common stock	394,000	394,000
Add. paid-in capital	70,096,000	69,868,000
Retained earnings	106,694,000	82,747,000
Total Liabilities & Shareholders' Equity	\$ 291,459,000	\$ 236,652,000

* At LIFO cost, which is not in excess of market.
 † Less accumulated depreciation.
 + \$0.01 par value.

Statistical Summary		
%Income bef. Taxes to Sales	4.79	4.94
%Net Income to Sales	2.97	2.77
%Net Income to Equity	17.07	16.05
Sales to Inventories	14.05	18.32
Debt to Equity	0.09	0.11
Working Capital	\$ 48,088,000	\$ 68,887,000
Current Ratio	1.56	2.18
Shareholders' Equity	\$177,184,000	\$153,009,000

Burlington Coat Factory Warehouse Corporation

Route 130
 Burlington, New Jersey 08016
 (609) 386-3314

Officers: Monroe G. Milstein, chairman, president & chief exec. officer; Henrietta Milstein, v.p.-children's wear & secretary; Stephen E. Milstein, v.p.-men's wear; Mark A. Nesci, v.p.-store operations; Robert L. LaPena, Jr., corp. controller & chief accounting officer; Norman Ross, v.p. & gen. merchandise mgr.

Directors: Monroe G. Milstein, chairman; Henrietta Milstein, Andrew Milstein, Henry Benach, Harvey Morgan.

Business Activities: Operates a chain of off-price apparel stores specializing in outerwear, in 31 states.

Transfer Agent(s):

American Stock Transfer Co.
 99 Wall Street
 New York, New York 10005

Stock Exchange(s): New York

Ticker Symbol: BCF

Number of Stores: (at fiscal year end)		
1986	87	1985 74

Sales and Earnings		
	Revenues	Net Income
1986	\$ 391,608,000	\$ 17,326,000
1985	352,060,000	16,088,000
1984	309,719,000	16,524,000
1983	220,365,000	12,004,000
1982	130,517,000	6,913,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	11,717,939	\$ 1.48
1985	11,700,150	1.38
1984	11,700,000	1.41
1983	N.A.	1.12
1982	N.A.	0.69

N.A. - Not Available.
 ‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 130,060,000	\$ 11.10
1985	112,120,000	9.58
1984	96,028,000	8.21
1983	79,504,000	—
1982	23,590,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Canadian Tire Corporation, Limited

Income Account (000's)

Year ended	11/1/86	11/2/85
Net sales	\$ 381,792	\$ 343,113
Other income	9,816	8,947
Total income	\$ 391,608	\$ 352,060
Cost of sales	253,244	226,687
Expenses	101,193	92,970
Depreciation & amortization	3,457	2,671
Interest expense	774	561
Income before taxes	\$ 32,940	\$ 29,171
Income taxes	15,614	13,083
Net Income	\$ 17,326	\$ 16,088

Assets (000's)

As of	11/1/86	11/2/85
Cash & short-term invest.	\$ 40,540	\$ 23,213
Accts. receiv., net	3,354	1,749
*Inventories	148,851	127,781
Prepaid expenses	5,398	5,877

Current Assets	198,143	158,620
†Fixed assets	35,011	24,732
Restricted bond fund	10,502	9,801
Other assets	1,071	1,184
Total Assets	\$ 244,727	\$ 194,337

Liabilities (000's)

Long-term debt, curr.	\$ 341	\$ 392
Accts. payable	82,997	59,272
Other current liabilities	15,278	7,046

Other Liabilities	\$ 98,616	\$ 66,710
Long-term debt	13,570	13,920
Deferred inc. taxes	2,481	1,587
+ Common stock	11,731	11,700
Add. paid-in capital	43,367	42,784
Retained earnings	74,962	57,636

Total Liabilities & Shareholders' Equity	\$ 244,727	\$ 194,337
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* At lower of cost (FIFO) or market.
† Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	8.63	8.50
%Net Income to Sales	4.54	4.69
%Net Income to Equity	13.32	14.35
Sales to Inventories	2.56	2.69
Debt to Equity	0.11	0.13
Working Capital	\$ 99,527,000	\$ 91,910,000
Current Ratio	2.01	2.38
Shareholders' Equity	\$130,060,000	\$112,120,000

Cache, Inc.

1460 Broadway, 16th Floor
New York, New York 10036
(212) 840-4242

Officers: Roy Chapman, chairman of the board & chief executive officer; Norman Polonofsky, president; Roy Smith, v.p.-store operations; Mae Soo Hoo, v.p.-merchandising; Algis Spokavicius, v.p.-merchandising.

Directors: Roy Chapman, chairman of the board; Andrew M. Saul; Joseph E. Saul.

Business Activities: Operates 30 women's apparel specialty stores under the name Cache in 14 states and the District of Columbia.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CACH (NASDAQ)

Number of Stores: (at fiscal year end)	1986	1985
1986	30	34

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 16,169,000	\$ (4,269,000)
1985	18,254,000	(1,957,000)
1984	15,335,000	(1,655,000)
1983	11,090,000	402,000
1982	7,039,000	42,000

No. of Com. Shares ‡

	No. of Com. Shares ‡	Earn. per Share ‡
1986	7,797,000	\$ —
1985	5,375,000	—
1984	4,508,000	—
1983	4,400,000	0.09
1982	4,400,000	0.01

(Loss).

† Including extraordinary gain of \$2,217,000 in 1987.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	10%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 77,000	\$ 0.01
1985	2,527,000	0.47
1984	2,203,000	0.49
1983	2,858,000	0.65
1982	2,455,000	0.56

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend.

Income Account *

Year ended	1/3/87	12/28/85
Net sales	\$ 16,169,000	\$ 18,254,000
Cost of sales	13,023,000	12,068,000
Operating expenses	4,246,000	4,223,000
Expenses	5,386,000	3,920,000
Net Loss	\$ (6,486,000)	\$ (1,957,000)
Extraord. gain	2,217,000	—
Net Loss & extraord. gain	\$ (4,269,000)	\$ (1,957,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$578,000 in 1986 and \$436,000 in 1985.

Assets

As of	1/3/87	12/28/85
Cash	\$ 1,922,000	\$ 891,000
Acct. receiv., net	272,000	822,000
*Inventories	644,000	3,818,000
Prepaid expenses	152,000	298,000
Current Assets	\$ 2,990,000	\$ 5,829,000
†Fixed assets	2,189,000	2,487,000
Other assets	145,000	228,000
Total Assets	\$ 5,324,000	\$ 8,544,000

Liabilities

Cap. lease oblig., curr.	\$ —	\$ 97,000
Accts. payable	209,000	1,053,000
Accruals	1,657,000	872,000
Curr. Liabilities	\$ 1,866,000	\$ 2,022,000

Long-term debt	—	3,233,000
Cap. lease oblig.	—	387,000
Convert. note payable	3,000,000	—
Subord. notes payable	381,000	375,000
+ Common stock	126,000	77,000
Add. paid-in capital	7,773,000	6,003,000
Retained earnings (deficit)	(7,822,000)	(3,553,000)

Total Liabilities & Shareholders' Equity	\$ 5,324,000	\$ 8,544,000
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* At lower of average cost or market.

† Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary

Sales to Inventories	25.11	4.78
Debt to Equity	—	1.47
Working Capital	\$1,124,000	\$3,807,000
Current Ratio	1.60	2.88
Shareholders' Equity	\$ 77,000	\$2,527,000

Canadian Tire Corporation, Limited

2180 Yonge Street
P.O. Box 770, Station K
Toronto, Ontario, Canada M4P 2V8
(416) 480-3000

Officers: H.L. Macaulay, chairman of the board & chief executive officer; D. Grossman, president & chief executive officer; Peter Lige, exec. v.p.-dealer relations; Clive Minto, exec. v.p.-diversified businesses; James B. Williams, exec. v.p.-finance & administration & chief financial officer; S.J. Bochen, v.p.-distribution; B. Setnor, exec. v.p.-marketing, estate/construction, distribution; D.A. Hicks, v.p.-real estate & construction; W.H. Hicks, v.p.-human resources; R. Law, secretary and general counsel; A.B. Malcolm, v.p.-petroleum marketing; Howard E. Board, v.p. & controller; W. Rae Cowan, v.p.-marketing; Alan B. Goddard, v.p.-corporate affairs; V.H. Mikkelsen, v.p.-management information services; C.D. Smith, asst. treasurer.

Directors: M. Gardiner-Billes, A.W. Billes, D.G. Billes, Pierre Cote, Hugh L. Macaulay, Bruce A. Sully, A.J. Billes, Steve W. Groch, Dean Grossman, Lynne Hall, Maureen J. Sabia, William S. Deluce, W. Lawrence Heisey, Donald C. Lowe.

Business Activities: Operates gas stations and tire and auto accessory retail outlets in Canada.

Divisions and Subsidiaries:

Canadian Tire Acceptance Limited
176 King Street
Welland, Ontario L3B 5S3

Canitire Products Limited
35 Fieldway Road
Toronto, Ontario M8Z 3L4

Canitire (Far East) Limited

Transfer Agent(s):

Montreal Trust Company of Canada
Toronto, Halifax, Vancouver, Montreal and Calgary

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: CTR

Number of Stores: (at fiscal year end)

	Associate Stores	Gasoline Stations
1986	401	118
1985	396	115
1984	384	109
1983	375	99
1982	365	91

Canadian Tire Corporation, Limited

Sales and Earnings (000's)		
	Gross Operating Revenues	Net Income ‡
1986*	\$ 2,326,002	\$ 89,282
1985	2,077,742	(101,662)
1984	1,877,707	28,672
1983	1,701,585	49,395
1982	1,601,661	58,640

	No. of Com. Shares #	Earn. per Share †
1986*	87,061,591	\$ 1.03
1985	84,085,317	—
1984	80,928,991	0.35
1983	74,648,562	0.66
1982	72,341,745	0.81

(Loss)
 * 53 weeks.
 † Including extraordinary gains of \$1,437,000 (\$0.02 per share) in 1986, \$668,000 in 1984, \$1,595,000 (\$0.02 per share) in 1983, \$1,973,000 (\$0.03 per share) in 1982, and extraordinary loss of \$142,492 in 1985.
 ‡ Based on the weighted average number of class A and common shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock		
	Cash Dividend#	Stock Dividend Split
1986	\$0.20	—
1985	0.20	—
1984	0.20	—
1983	0.20	5-for-1
1982	0.17	10%

Adjusted to reflect stock dividend and stock split.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 605,373,000	\$ 6.88
1985	501,324,000	5.88
1984	588,479,000	7.20
1983	554,116,000	6.96
1982	447,314,000	6.13

‡ Adjusted to reflect stock dividend and stock split.

Income Account (000's)		
Year ended Dec. 31	1986	1985
Gross oper. rev.	\$ 2,326,002	\$ 2,077,742
Cost of sales & expenses	2,085,805	1,860,745
Depreciation & amortization	24,138	22,889
Prof. sh. plan	13,057	11,595
Interest expense	43,004	40,896
Other income	(12,639)	(20,722)
Income before taxes	\$ 172,637	\$ 162,339
Income taxes	84,792	68,491
Non-consol. subsid.	—	53,018
Net Income	\$ 87,845	\$ 40,830
Extraord. items	1,437	(142,492)
Net Income & extraord. items	\$ 89,282	\$ (101,662)

Assets (000's)		
As of Dec. 31	1986	1985
Cash	\$ 153,249	\$ 122,639
Accts. & loans receiv., net	138,996	130,000
*Inventories	294,017	300,150

Prepaid expenses	7,122	3,491
Acceptance company	303,542	272,564
Current Assets	\$ 896,926	\$ 828,944
Investments	16,101	16,166
*Fixed assets	379,247	364,468
Other assets	3,953	6,670
Deferred inc. taxes	—	14
Total Assets	\$ 1,296,227	\$ 1,216,162

Liabilities (000's)		
Bank indebtedness	\$ 10,288	\$ 13,380
Loans payable	2,733	2,349
Accts. payable	161,183	189,741
Dividends payable	4,435	4,308
Accruals	103,465	97,949
Inc. taxes payable	15,968	13,225
Long-term debt, curr.	27,588	7,122
Non-consol. subsid.	9,960	30,888
Acceptance corp.	117,170	140,045
Curr. Liabilities	\$ 452,790	\$ 499,007
Long-term debt	235,295	215,831
Deferred inc. taxes	2,769	—
+ Class A Non-voting Shares	266,732	232,514
+ Common Shares	179	179
For. curr. trans. adj.	(1,228)	711
Retained earnings	339,690	267,920
Total Liabilities & Shareholders' Equity	\$ 1,296,227	\$ 1,216,162

* At lower of cost (FIFO) or estimated net realizable value.
 # Less accumulated depreciation and amortization.
 † No per value.

Statistical Summary		
%Income bef. Taxes to Gross Oper. Rev.	7.42	7.81
%Net Income to Gross Oper. Rev.	3.78	1.97
%Net Income to Equity	14.51	8.14
Debt to Equity	0.41	0.46
Working Capital	\$444,136,000	\$329,837,000
Current Ratio	1.98	1.66
Shareholders' Equity	\$605,373,000	\$501,324,000

Carlyle & Co. Jewelers

(formerly Jewel Box Stores Corporation)

4615 Dundas Drive
 Greensboro, North Carolina 27407
 (919) 294-2450

Officers: Lawrence M. Cohen, chairman of the board, president & chief executive officer; Hargrove Bowles, Jr., vice chairman of the board; Martin M. Bernstein, exec. v.p.-corp. devel.; Richard I. Backer, exec. v.p.-store operations; Russell L. Cohen, v.p.-marketing; Randy L. Zentmire, v.p.-finance, treasurer, chief financial officer & asst. secretary; George E. Norman, Jr., v.p.; Louis Green, v.p. & secretary; Ann I. Cranford, asst. v.p.-store operations; Reuben E. Mercer, asst. v.p.-credit & collections; William E. Thunberg, Sr., v.p.-regional vice president; John K. Cohen, v.p.; Sidney J. Stern, Jr., Sidney J. Stern, III, asst. secretaries; Robert H. Jessup, Sr., asst. p. & controller.

Directors: Richard I. Backer*, Martin M. Bernstein*, Hargrove Bowles, Jr.*, Lawrence M. Cohen*, Louis Green, George E. Norman, Jr.*, Russell L. Cohen, Robert O. Klepfer, Jr.

* Member of the Executive Committee.

Business Activities: Operates jewelry stores in the East and Texas.

Transfer Agent(s):
 First Citizens Bank
 Raleigh, North Carolina

Number of Stores: (at fiscal year end)			
1986	75	1983	93
1985	76	1982	95
1984	82		

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 51,928,000	\$ 1,488,000
1985	51,987,000	1,452,000
1984	46,261,000	655,000
1983	37,767,000	(505,000)
1982	37,080,000	(118,000)

	No. of Com. Shares	Earn. per Share #
1986	1,392,000	\$ 1.07
1985	1,392,000	1.04
1984	1,392,000	0.47
1983	1,392,000	—
1982	1,392,000	—

(Loss)
 # Based on the weighted average number of shares outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 14,071,000	\$ 10.11
1985	12,583,000	9.04
1984	11,131,000	8.00
1983	10,476,000	7.53
1982	10,981,000	7.89

Income Account *		
Year ended March 31	1986	1985
Net sales	\$ 51,927,965	\$ 51,987,208
Cost of sales	29,356,898	30,042,749
Expenses	19,699,441	18,648,118
Interest expense	505,466	547,397
Other income	(472,897)	(121,240)
Income bef. taxes	\$ 2,839,057	\$ 2,870,184
Income taxes	1,351,000	1,418,000
Net Income	\$ 1,488,057	\$ 1,452,184

* Included in Costs and Expenses, Depreciation and Amortization: \$683,355 in 1986 and \$672,054 in 1985.

Assets		
As of March 31	1986	1985
Cash	\$ 1,060,346	\$ 1,183,788
Accts. & notes receiv., net	10,785,680	10,421,369
*Inventories	11,040,997	9,123,499
Prepaid expenses	210,635	226,349
Current Assets	\$ 23,097,658	\$ 20,955,005
*Fixed assets	3,711,124	2,636,236
Other assets	251,918	129,542
Total Assets	\$ 27,060,700	\$ 23,720,783

Liabilities		
Long-term debt, curr.	\$ 521,964	\$ 435,000
Accts. payable	3,157,594	2,799,703
Accruals	1,421,366	1,391,689
Accrued payroll	1,301,957	1,315,026
Deferred income taxes	2,394,000	1,718,000
Income taxes	202,428	153,174
Curr. Liabilities	\$ 8,999,309	\$ 7,812,592
Long-term debt	3,620,143	3,325,000
Deferred income tax	370,000	—
+ Common stock:		
Class A	187,868	187,868
Class B	1,203,675	1,203,675
Add. paid-in capital	2,001,131	2,001,131
Retained earnings	10,678,574	9,190,517
Total Liabilities & Shareholders' Equity	\$ 27,060,700	\$ 23,720,783

Carter Hawley Hale Stores, Inc.

* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.47	5.52
%Net Income to Sales	2.87	2.79
%Net Income to Equity	10.58	11.54
Sales to Inventories	4.70	5.70
Debt to Equity	0.52	0.30
Working Capital	\$14,098,349	\$13,142,413
Current Ratio	2.57	2.68
Shareholders' Equity	\$14,071,248	\$12,583,191

Carson Pirie Scott & Company

36 South Wabash Avenue
Chicago, Illinois 60603
(312) 245-8000

Officers: Peter S. Willmott, chairman, president & chief executive officer; Robert P. Bryant, vice chairman; Charles T. Reice, v.p.-finance & treasurer; Robert F. Doak, v.p.-corp. controller; Dennis S. Bookshester, vice chairman; Bruce Rismiller, v.p.-human resources; Kurt Gasser, president-Dobbs Houses, Inc. & Carson International, Inc.; Fred J. Martin, president-Dobbs International Services; Susan T. Congalton, v.p., general counsel & secretary.

Directors: Gregson L. Barker*, Robert L. Scott, III*, Benjamin D. Williams, III, John C. Archibald*, William C. Musham*, J. Scott Welles*, John Dem, Jr., Carroll E. Ebert*, Peter S. Willmott*, Dennis S. Bookshester*, Robert P. Bryant*, Patricia A. McFate.

* Member of the Executive Committee.

Business Activities: Engaged in department store and specialty retailing, food service and lodging, and floor covering distribution.

Divisions:

Retail Group
Distribution Group
Food Service & Lodging Group

All located at:
23 South Wabash Avenue
Chicago, Illinois 60603
(312) 245-8000

Subsidiaries:

Carson International Inc.
(312) 686-6182
Airport terminal concessions.

CPS Wholesale Floor Coverings Inc.
Floor coverings distribution.

CPS Direct Marketing Inc.
Mail-order catalogs.

CPS Hotel Management Inc.

County Seat Stores, Inc.
Operates 301 casual wear retail stores in 33 states.

Dobbs International Services Inc.
Airline catering and food service management.

Carson Pirie Scott
Operates 20 department stores in Illinois and Indiana.

Arcadia Shops, Inc.
Operates 20 specialty retail stores which sell novelty gifts, stationery and paper products.

CPS Hotel Management Services, Inc.
Hotel management.

Deliver Ease, Inc.
Food home delivery.

Ridgewell's, Inc.
Catering services.

Toddle House Restaurants, Inc.
Toddle House franchising.

Information & Communications Systems, Inc.

Dobbs Houses, Inc.
Carson International Inc.
Operates restaurants, cocktail lounges, newsstands, gift shops, snack bars and duty-free shops at 20 domestic airports.

Transfer Agent(s):

The First National Bank of Chicago
Shareholder Services Department
One First National Plaza
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: CRN

Number of Stores*: (at fiscal year end)

1986	20	1983	24
1985	20	1982	24
1984	21		

* Department stores only.

Sales and Earnings

	Net Sales †	Net Income
1987	\$1,412,859,000	\$ 18,722,000
1986	1,301,890,000	18,415,000
1985	1,177,208,000	27,174,000
1984	877,263,000	15,383,000
1983	797,624,000	11,356,000

	No. of Com. Shares #	Earn. per Share #
1987	10,246,000	\$ 1.83
1986	9,919,000	1.86
1985	9,774,000	2.78
1984	8,728,000	1.59
1983	8,148,000	1.12

† Includes leased departments.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987 (000's)	1986 (000's)
Retail	\$ 781,800	\$ 705,800
Floor covering distribution	159,800	151,200
Food service & lodging	471,300	444,900
Total	\$ 1,412,900	\$ 1,301,900

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1987	\$0.675	—	—
1986	0.60	—	2-for-1
1985	0.60	—	—
1984	0.60	—	—
1983	0.60	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	\$ 230,484,000	\$ 22.50
1986	211,807,000	21.35
1985	194,672,000	19.92
1984	171,792,000	19.68
1983	137,594,000	16.89

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$1,412,859,000	\$1,301,890,000
Cost of sales	1,058,936,000	977,424,000

Expenses	325,031,000	298,680,000
Interest expense	17,174,000	20,805,000
Other income	(22,254,000)	(22,334,000)

Income before taxes	\$ 33,922,000	\$ 27,315,000
Income taxes	15,200,000	8,900,000

Net Income	\$ 18,722,000	\$ 18,415,000
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* Included in Costs and Expenses, Depreciation and Amortization: \$35,095,000 in 1987 and \$34,543,000 in 1986.

Assets

As of	1/31/87	2/1/86
Cash	\$ 2,308,000	\$ 2,391,000
Receiv., net	188,282,000	160,569,000
*Inventories	158,307,000	143,295,000
Prepaid expenses	16,481,000	13,413,000

Current Assets	\$ 365,378,000	\$ 319,668,000
#Fixed assets	259,693,000	238,926,000

Investments & other assets	36,965,000	25,386,000
Intangibles	26,972,000	25,175,000

Total Assets	\$ 689,008,000	\$ 609,155,000
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Liabilities

Notes payable	\$ 38,400,000	\$ 22,500,000
Long-term debt, curr.	7,940,000	10,891,000
Accts. payable	69,679,000	57,085,000
Accruals	74,108,000	62,116,000
Income taxes	18,100,000	19,900,000
Deferred inc. taxes	9,500,000	21,300,000

Curr. Liabilities	\$ 217,727,000	\$ 193,792,000
Long-term debt	165,028,000	142,225,000
Deferred inc. taxes	23,600,000	8,900,000
Deferred gain	36,609,000	37,062,000
Other liab.	15,560,000	15,369,000
+ Common stock	52,025,000	50,406,000
Add. paid-in capital	21,747,000	16,374,000
For. curr. trans. adjust.	(692,000)	(623,000)
Retained earnings	157,404,000	145,650,000

Total Liabilities & Shareholders' Equity	\$ 689,008,000	\$ 609,155,000
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* Retail inventories at LIFO cost or retail method; other inventories at lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.40	2.10
%Net Income to Sales	1.33	1.41
%Net Income to Equity	8.12	8.69
Sales to Inventories	8.92	9.09
Debt to Equity	0.72	0.83
Working Capital	\$147,651,000	\$125,876,000
Current Ratio	1.68	1.65
Shareholders' Equity	\$230,484,000	\$211,807,000

Carter Hawley Hale Stores, Inc.

550 South Flower Street
Los Angeles, California 90071
(213) 620-0150

Officers: Waldo H. Burnside, president & chief operating officer; Phillip M. Hawley, chairman of the board & chief executive officer; J. Hart Lyon, Lloyd E. Ellis, exec. vice presidents; John M. Gailys, exec. v.p. & chief financial officer; Edward S. Waterbury, Edwin J. Holman, Paul F. Chevalier, sr. v.p.'s; Thomas E. Brown, E.J. Caldecott, Theodore J. Corti, Serena S. Kokjen, Charles E. Murphy, E. Marlin Smith, Edward A. Wolfe, Arthur G. Coons, Robert J. Gilmarin, J. Scott Meyer, D. Clair Brumbaugh, Brian L. Fleming, Harry Levitt, Larry Peterson, Dale G. Thune, Walter W. Tutuill, v.p.'s; John F. Busey, treasurer; James L. Vandenberg, secretary & corporate counsel.

Directors: Norman Barker, Jr., Edward W. Carter*, Prentiss C. Hale, Phillip M. Hawley*, Walter B. Gerken*, John T. Dorrance, Jr., William B. Thalheimer, Jr., Benjamin F. Biaggini, Walter J. Salmon, Donn B. Miller*, Robert O. Anderson, Arthur L. Crowe, Harold J. Haynes, Jean Head Sisco, Waldo

Carter Hawley Hale Stores, Inc.

H. Burnside*, William L. Brown, Samuel Frankheim, J. Atwood Ives*, Herbert W. Jarvis, Richard A. Smith*, Robert J. Tarr, Jr., Hugo Uytendaele.

* Member of the Executive Committee.

Business Activities: The Company operates 114 department stores and 188 specialty stores. Its five department store divisions are The Broadway-Southern California, The Broadway-Southwest, Emporium Capwell, and Weinstock's in California, Arizona, New Mexico, Colorado, Utah, and Nevada; Thalhimers in Virginia, Tennessee, So. Carolina, and No. Carolina. Its three specialty store divisions are Bergdorf Goodman in New York City, 22 Neiman-Marcus in Texas, Florida, Illinois, California, Nevada, Massachusetts, New York, Washington, D.C., Missouri, and Georgia. It also operates 165 Contempo Casuals in 26 states.

Divisions and Subsidiaries:

The Broadway-Southern California
3880 North Mission Road
Los Angeles, California 90031
(213) 227-2000

The Broadway-Southwest
4000 Fiesta Mall
Mesa, Arizona 85202
(602) 263-7000

Neiman-Marcus Company
Main & Erway
Dallas, Texas 75201
(214) 741-6911

Weinstock's
Downtown Plaza
Sacramento, California 95813
(916) 449-8888

Emporium Capwell
835 Market Street
San Francisco, California 94103
(415) 764-2222

Thalhimers
615 East Broad Street
Richmond, Virginia 23261
(804) 643-4211

Bergdorf Goodman Company
754 Fifth Avenue
New York, New York 10019
(212) 753-7300

Contempo Casuals
Los Angeles, California

Transfer Agent(s):

Security Pacific National Bank
Corporate Services Division, 2-70
P.O. Box 60228, Terminal Annex
Los Angeles, California 90060

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: CHH

Number of Stores: (at fiscal year end)

	Dept. Stores	Specialty Stores
1986	114	188
1985	128	156
1984	125	127
1983	249	100
1982	232	85

Sales and Earnings (000's)

	Net Sales	Net Income †
1986	\$ 4,089,794	\$ 4,214
1985	3,977,913	48,025
1984*	3,724,294	89,670
1983	3,101,682	67,485
1982	2,590,650	49,025

	No. of Com. Shares	Earn. per Share ‡
1986	20,042,519	\$ —
1985	19,559,000	0.92

1984*	19,067,000	2.75
1983	35,341,000	1.93
1982	31,890,000	1.55

* 53 weeks.

† Including extraordinary loss of \$29,253,000 in 1986.

‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.22	—	—
1985	1.22	—	—
1984	1.22	—	—
1983	1.22	—	—
1982	1.22	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 324,207,000	\$ 16.18
1985	359,354,000	18.37
1984	348,166,000	18.26
1983	751,599,000‡	21.27
1982	656,437,000‡	20.58

‡ After allowing for preferred stock at involuntary liquidation preference value of \$45 per share.

Income Account * (000's)

Year Ended	1/31/87	2/1/86
Net sales	\$ 4,089,794	\$ 3,977,913
Cost of sales	2,898,213	2,850,599
Expenses	932,361	923,504
Interest expense	119,005	131,235
Loss on sale of John Wanamaker	2,200	—
Loss on sale of Holt Renfrew	—	2,450
Costs of restruc. prog.	25,000	—
Income before taxes	\$ 113,015	\$ 70,125
Income taxes	65,400	22,100
Net Income	\$ 47,615	\$ 48,025
Extraord. loss	(29,253)	—
Cum. effect of change in acctg. meth.	(14,148)	—
Net Income & extraord. loss	\$ 4,214	\$ 48,025

* Included in Costs and Expenses, Depreciation and Amortization: \$75,972,000 in 1986 and \$75,017,000 in 1985.

Assets

As of	1/31/87	2/1/86
Cash	\$ 18,395	\$ 18,147
Accts. receiv., net	463,963	292,785
*Inventories	755,971	776,831
Receiv. on sale of Holt Renfrew	—	29,682
Other curr. assets	40,057	41,416
Current Assets	\$ 1,270,386	\$ 1,158,861
Investments	45,068	142,916
*Fixed assets	799,515	855,494
Other assets	38,907	77,496
Total Assets	\$ 2,161,876	\$ 2,234,767

Liabilities (000's)

Long-term debt & cap. lease oblig., curr.	\$ 83,619	\$ 84,707
Accts. payable	293,321	344,036
Accruals	172,217	158,967
Dividends payable	6,283	6,145
Income taxes	7,521	8,355
Deferred inc. taxes	121,396	114,399
Curr. Liabilities	\$ 684,357	\$ 716,609
Long-term debt	577,284	551,613
Cap. lease oblig.	130,236	145,940

Other liab.	55,182	57,857
Def. inc. taxes	90,610	103,394
Redem. pref. stock	300,000	300,000
+ Common stock	100,213	97,797
Add. paid-in capital	162,435	149,957
Retained earnings	61,559	111,600

Total Liabilities &
Shareholders' Equity \$ 2,161,876 \$ 2,234,767

* At lower of cost or market as determined by the retail method as it is determined on the LIFO basis.

‡ Less accumulated depreciation and amortization.
+ \$5 par value

Statistical Summary

%Income bef. Taxes to Sales	2.76	1.76
%Net Income to Sales	1.16	1.21
%Net Income to Equity	14.69	13.36
Sales to Inventories	5.41	5.12
Debt to Equity	2.44	2.18
Working Capital	\$594,029,000	\$442,252,000
Current Ratio	1.87	1.62
Shareholders' Equity	\$324,207,000	\$359,354,000

Casey's General Stores, Inc.

1299 N.E. Broadway Avenue
Des Moines, Iowa 50313
(515) 263-3700

Officers: Donald F. Lamberti, president; Walter J. Carlson, secretary-treasurer; Ronald M. Lamb, v.p.

Directors: Walter J. Carlson, Ronald M. Lamb, George A. Doerner, Donald F. Lamberti, John R. Fitzgibbon.

Business Activities: Operates convenience-style general stores under the name "Casey's General Store" in eight Midwestern states, primarily Iowa and Missouri. Of the 534 Casey's General Stores in operation, 312 are owned or leased by the Company and 222 are owned or leased by franchisees.

Transfer Agent(s):

United Missouri Bank of Kansas City, N.A.
Corporate Trust Division
P.O. Box 226
Kansas City, Missouri 64141

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CASEY (NASDAQ)

Number of Stores*:

1986 312

* Company-operated

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 280,275,000	\$ 6,249,000
1985	247,177,000	4,143,000
1984	216,774,000	2,347,000
1983	188,451,000	1,763,000
1982	153,277,000	1,171,000

No. of Com.
Shares ‡

1986	11,188,000	\$ 0.56
1985	9,165,000	0.45
1984	7,816,000	0.30
1983	6,600,000	0.27
1982	6,525,000	0.18

† Including extraordinary gains of \$70,000 (\$0.01 per share) in 1984, \$145,000 (\$0.02 per share) in 1983 and \$178,000 (\$0.03 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

The Cato Corporation

Revenues By Line of Business

	1986	1985
Grocery & gen. merch.	\$ 87,357,154	\$ 67,577,550
Gasoline	123,813,989	107,198,869
Total	\$ 211,171,143	\$ 174,776,419

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	2,900-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 47,752,000	\$ 4.27
1985	22,108,000	2.41
1984	17,180,000	2.20
1983	4,891,000	0.74
1982	3,128,000	0.48

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account

Year ended Apr. 30	1986	1985
Net sales	\$ 280,274,453	\$ 247,176,790
Franchise revenue	4,447,001	4,469,854
Total income	\$ 284,721,454	\$ 251,646,644
Cost of sales	237,734,753	214,780,572
Expenses	30,887,791	24,210,545
Depreciation & amortization	4,460,845	3,446,535
Interest expense	812,406	1,785,531
Income before taxes	\$ 10,825,659	\$ 7,423,461
Income taxes	4,577,000	3,029,000
Minority interests	—	251,490
Net Income	\$ 6,248,659	\$ 4,142,971

Assets

As of Apr. 30	1986	1985
Cash & repurch. agree.	\$ 846,553	\$ 365,678
Accts. receiv., net	1,399,294	2,367,969
*Inventories	11,634,209	9,448,520
Prepaid expenses	1,373,834	1,180,051
Current Assets	\$ 15,253,890	\$ 13,362,218
#Fixed assets	55,130,522	39,326,208
Other assets	1,706,503	1,646,349
Total Assets	\$ 72,090,915	\$ 54,334,775

Liabilities

	1986	1985
Notes payable	\$ —	\$ 2,721,098
Long-term debt, curr.	800,126	2,523,342
Accts. payable	11,143,072	10,737,363
Accruals	1,651,879	1,764,327
Income taxes	298,355	—
Curr. Liabilities	\$ 12,893,412	\$ 17,746,130
Long-term debt	6,954,913	12,511,127
Deferred income	438,558	300,066
Deferred inc. taxes	2,925,000	1,521,000
Deferred gain on sale	127,164	148,590
+ Common stock	30,189,947	10,794,600
Retained earnings	17,561,921	11,313,262

Total Liabilities & Shareholders' Equity	\$ 72,090,915	\$ 54,334,775
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* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.86	3.00
%Net Income to Sales	2.23	1.68

%Net Income to Equity	13.09	18.74
Sales to Inventories	24.09	26.16
Debt to Equity	0.16	0.68
Working Capital	\$ 1,360,478	—
Current Ratio	1.10	—
Shareholders' Equity	\$47,751,868	\$22,107,862

The Cato Corporation

8100 Denmark Road
Charlotte, North Carolina 28217
(704) 554-8510

Officers: Wayland H. Cato, Jr., chairman & president; Edgar T. Cato, vice chairman; James W. Emry, exec. v.p.-merchandise; John W. DeStefano, exec. v.p.-stores; David T. Cloer, sr. v.p.-finance; Joseph T. Cotner, sr. v.p.-real estate; Hubert H. Thomason, secretary & treasurer; Clarice C. Goodyear, sr. v.p.-administration; John P. Derham Cato, v.p.-merchandise imports.

Directors: Wayland H. Cato, Jr., chairman; Edgar T. Cato, Clarice C. Goodyear, John P. Derham Cato, George S. Currin, F. Kenneth Iverson, James V. Johnson, Larrimore Wright.

Business Activities: Operates 482 women's specialty stores featuring popular priced women's apparel for the fashion conscious junior, missy and large size customer, in non-metropolitan markets in 22 states, primarily in the South and Southwest.

Transfer Agent(s):

First Union National Bank of North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CACOA (NASDAQ)

Number of Stores: (at fiscal year end)

1987	471	1984	360
1986	427	1983	346
1985	385		

Sales and Earnings

	Revenues +	Net Income †
1986	\$ 185,698,000	\$ 8,047,000
1985	157,265,000	6,827,000
1984	130,788,000	5,662,000
1983	112,939,000	4,583,000
1982	94,376,000	2,163,000

No. of Com. Shares

1986	14,253,000	\$ 0.57
1985	14,380,000	0.48
1984	14,373,000	0.39
1983	14,602,000	0.32
1982	N.A.	0.16

N.A. - Not Available.

+ Of continuing operations only.

† Including extraordinary loss of \$473,000 (\$0.03 per share) in 1987.

Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	30-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 35,231,000	\$ 2.47
1985	29,322,000	2.04

1984	22,709,000	1.58
1983	17,489,000	1.20
1982	12,297,000	—

‡ Adjusted to reflect stock split.

Income Account (000's)

Year ended	1/31/87	1/25/86
Net sales	\$ 175,135	\$ 148,093
Other income	10,563	9,172
Total income	\$ 185,698	\$ 157,265
Cost of sales	109,465	93,255
Expenses	56,481	47,883
Depreciation & amortization	2,073	1,334
Interest expense	1,845	1,142
Income before taxes	\$ 15,834	\$ 13,651
Income taxes	7,314	6,209
Income from cont. oper.	\$ 8,520	\$ 7,442
Loss from discont. oper.	—	(615)
Net Income	\$ 8,520	\$ 6,827
Extraord. loss	(473)	—
Net Income & extraord. loss	\$ 8,047	\$ 6,827

Assets (000's)

As of	1/31/87	1/25/86
Cash	\$ 18,067	\$ 9,375
Accts. receiv., net	19,640	16,440
*Inventories	24,196	20,367
Prepaid expenses	2,377	956
Current Assets	\$ 64,280	\$ 47,138
#Fixed assets	22,354	13,915
Other assets	2,852	1,840
Total Assets	\$ 89,486	\$ 62,893

Liabilities (000's)

Long-term debt, curr.	\$ —	\$ 640
Accts. payable	15,129	14,045
Accruals	3,556	3,631
Income taxes	4,591	4,419
Curr. Liabilities	\$ 23,276	\$ 22,735
Long-term debt	25,000	7,052
Deferred inc. taxes	5,249	3,041
Other liabilities	730	743
+ Class A common stock	666	666
Add. paid-in capital	3,122	2,946
Retained earnings	37,148	29,101
Treasury stock	(5,705)	(3,391)
Total Liabilities & Shareholders' Equity	\$ 89,486	\$ 62,893

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.03 1/2 per value.

Statistical Summary

%Income bef. Taxes to Sales	9.04	—
%Net Income to Sales	4.86	—
%Net Income to Equity	24.18	23.28
Sales to Inventories	7.24	7.27
Debt to Equity	0.71	0.26
Working Capital	\$41,004,000	\$24,403,000
Current Ratio	2.76	2.07
Shareholders' Equity	\$35,231,000	\$29,322,000

Champion Products Inc.

Champion Products Inc.

3141 Monroe Avenue
P.O. Box 850
Rochester, New York 14603
(716) 385-3200

Officers: John J. Tanis, chairman; Roger Holland, president & chief executive officer; Harold S. Feinbloom, sr. v.p.; William T. Loftus, v.p.-engineering and research & development; Fred W. Z. Lulof, v.p. & gen. mgr.-retail & international; Gerald F. Norton, Jr., secretary & general counsel; Ambrose J. Paridon, v.p. & gen. mgr.-athletic & institutional; Thomas D. Sheehy, v.p.-operations; John F. Hackett, treasurer; Kenneth R. Knight, v.p.-corporate services; Harry R. Flaherty, controller.

Directors: Angelo A. Costanza, Harold S. Feinbloom*, Robert Van Buren, Sanford J. Liebschutz, John J. Tanis*, Grady W. Lewis, John M. Emery, Harold Lipson*, Roger Holland*.

* Member of the Executive Committee.

Business Activities: Operates a chain of factory outlet stores located in New York, Massachusetts and Oregon. Engaged in the production, processing and distribution of athletic uniforms, physical education wear, campus wear, camp wear, and leisure wear.

Subsidiary:

Champion Outerwear Company
Fitzgerald, Georgia
An apparel manufacturing company specializing in jackets and outerwear.

Joint Venture:

Champion Products, GmbH (50%-owned)
Munich, West Germany
Operates a chain of franchised Champion Shops in West Germany.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
One Lincoln First Square
Rochester, New York 14643

Stock Exchange(s): American

Ticker Symbol: CH

Number of Stores: (at fiscal year end)

1986	20	1983	20
1985	20	1982	17
1984	20		

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 141,008,000	\$ 4,932,000
1985	118,414,000	2,363,000
1984	112,483,000	1,660,000
1983	105,897,000	1,820,000
1982	105,541,000	790,000

No. of Com. Shares Earn. per Share ‡

1986	1,690,672	\$ 2.95
1985	1,669,330	1.44
1984	1,639,351	1.01
1983	1,637,521	1.08
1982	1,708,621	0.46

† Including extraordinary gain of \$213,000 (\$0.13 per share) in 1984.

‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.72	—	—
1985	0.72	—	—
1984	0.72	—	—
1983	0.72	—	—
1982	0.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 43,635,000	\$ 25.81
1985	39,129,000	23.44
1984	37,507,000	22.88
1983	37,007,000	22.60
1982	37,430,000	21.91

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 141,008,000	\$ 118,414,000
Cost of sales	104,601,000	90,827,000
Expenses	25,671,000	23,039,000
Interest expense	1,147,000	663,000
Income before taxes	\$ 9,595,000	\$ 3,885,000
Income taxes	4,663,000	1,522,000
Net Income	\$ 4,932,000	\$ 2,363,000

* Included in Costs and Expenses, Depreciation: \$2,059,000 in 1986 and \$1,961,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 4,078,000	\$ 8,841,000
Accts. receiv., net	20,345,000	14,343,000
*Inventories	33,596,000	21,948,000
Other assets	1,372,000	720,000
Current Assets	\$ 59,391,000	\$ 45,852,000
#Fixed assets	21,277,000	12,586,000
Other assets	1,048,000	193,000
Total Assets	\$ 81,716,000	\$ 58,631,000

Liabilities

Long-term debt, curr.	\$ 1,593,000	\$ 774,000
Accts. payable	9,955,000	3,812,000
Notes payable	2,417,000	—
Accrued taxes	744,000	431,000
Accrued payroll	5,041,000	4,068,000
Obligations under capitalized leases	266,000	210,000
Other liabilities	3,401,000	1,831,000
Curr. Liabilities	\$ 23,417,000	\$ 11,126,000
Long-term debt	12,679,000	6,758,000
Oblig. under cap. leases	295,000	392,000
Def. inc. taxes	1,690,000	1,226,000
+ Common stock	1,773,000	1,765,000
Add. paid-in capital	12,572,000	11,946,000
Retained earnings	30,442,000	26,717,000
Treasury stock	(1,152,000)	(1,299,000)
Total Liabilities & Shareholders' Equity	\$ 81,716,000	\$ 58,631,000

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.80	3.28
%Net Income to Sales	3.50	2.00
%Net Income to Equity	11.30	6.04
Sales to Inventories	4.20	5.40
Debt to Equity	0.29	0.19
Working Capital	\$35,974,000	\$34,726,000
Current Ratio	2.54	4.12
Shareholders' Equity	\$43,635,000	\$39,129,000

Charming Shoppes, Inc.

430 Winks Lane
Bensalem, Pennsylvania 19020
(215) 245-9100

Officers: Morris Sidewater, president & chief executive officer; David Wachs, secretary & chairman of the board; Arthur Sidewater, Ellis Wachs, sr. exec. v.p.'s; Richard DeRose, Steven Sidewater, Samuel Sidewater, Herbert Veder-

man, Stephen Wolfson, Philip Wachs, exec. v.p.'s; Bernard Brodsky, v.p., treasurer & asst. secretary; Lionel Savadove, exec. v.p. & gen. counsel; Gerald Brahms, Seymour Cohen, Ben Mentio, Joseph Arditi, Anthony DiCerio, v.p.'s-store operations; Howard Edels, Manuel Ginsburg, Mordechai Kafry, Ivan Szeffel, Michael Wenger, v.p.'s, William Bilhardt, v.p.-human resources; John DeSanto, v.p.-design & construction; David Hyman, v.p.-distribution; Kathleen H. Lieberman, v.p. & assoc. gen. counsel; Robert Price, v.p.-facilities; Paul H. Robins, v.p.-purchasing; Eric M. Specter, v.p. & controller; Paul E. Toob, v.p.-advertising.

Directors: David Wachs, chairman; Morris Sidewater, Arthur Sidewater, Ellis Wachs.

Business Activities: Operates a chain of women's specialty stores specializing in the retail sale of moderately priced junior, misses and women's size sportswear, dresses, coats, lingerie and accessories, primarily under the names Fashion Bug and Fashion Bug Plus, in 29 states throughout the East, South, and Midwest.

Transfer Agent(s):

Mellon Bank (East) N.A.
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CHRS (NASDAQ)

Number of Stores: (at fiscal year end)

1987	678	1984	362
1986	550	1983	303
1985	444		

Sales and Earnings

	Net Sales#	Net Income
1987	\$ 525,157,000	\$ 40,469,000
1986	393,976,000	28,726,000
1985	299,262,000	20,226,000
1984	240,673,000	17,346,000
1983	176,311,000	12,117,000

No. of Com. Shares ‡ Earn. per Share ‡

1987	49,978,306	\$ 0.81
1986	48,753,382	0.59
1985	48,038,256	0.42
1984	47,295,347	0.37
1983	46,969,611	0.26

Includes other income.

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	\$0.10	—	3-for-2
1986	0.09	—	3-for-2
1985	0.08	—	3-for-2
1984	0.07	—	—
1983	0.07	—	4-for-3

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 153,764,000	\$ 3.08
1986	115,487,000	2.37
1985	89,168,000	1.86
1984	71,980,000	1.52
1983	55,597,000	1.18

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

	1/31/87	2/1/86
Net sales	\$ 521,234,000	\$ 391,630,000
Cost of sales	338,904,000	256,083,000

Expenses	110,993,000	84,883,000
Other income	(3,923,000)	(2,346,000)
Income before taxes	\$ 75,260,000	\$ 53,010,000
Income taxes	34,791,000	24,284,000
Net Income	\$ 40,469,000	\$ 28,726,000

* Included in Costs and Expenses, Depreciation and Amortization: \$8,678,000 in 1987 and \$5,966,000 in 1986.

Assets		
As of	1/31/87	2/1/86
Cash and cert. of deposit	\$ 53,736,000	\$ 45,033,000
*Inventories	66,996,000	56,507,000
Other assets	14,665,000	11,426,000
Current Assets	\$ 135,397,000	\$ 112,966,000
#Fixed assets	93,920,000	61,738,000
Long-term invest.	8,029,000	7,869,000
Total Assets	\$ 237,346,000	\$ 182,573,000

Liabilities		
Long-term debt, curr.	\$ —	\$ 996,000
Accts. payable	38,207,000	32,647,000
Accruals	23,052,000	14,903,000
Income taxes	6,570,000	5,488,000
Current Liabilities	\$ 67,829,000	\$ 54,034,000
Long-term debt	2,134,000	2,980,000
Deferred taxes	13,619,000	10,072,000
+ Common stock	5,015,000	3,318,000
Add. paid-in capital	17,320,000	11,443,000
Retained earnings	140,590,000	105,093,000
Deferred employee compensations	(8,268,000)	(3,252,000)
Notes receivable	(893,000)	(1,115,000)
Total Liabilities & Shareholders' Equity	\$ 237,346,000	\$ 182,573,000

* At lower of cost or market; by the retail method (FIFO).
Less accumulated depreciation & amortization.
+ \$0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	14.44	13.54
%Net Income to Sales	7.76	7.33
%Net Income to Equity	26.32	24.87
Sales to Inventories	7.78	6.93
Debt to Equity	0.01	0.03
Working Capital	\$ 67,568,000	\$ 58,932,000
Current Ratio	2.00	2.09
Shareholders' Equity	\$153,764,000	\$115,487,000

The Cherokee Group

12544 Satcoy Street
North Hollywood, California 91605
(213) 875-1002

Officers: James P. Argyropoulos, chairman of the board & chief exec. officer; Robert Margolis, president & chief operating officer; Cary D. Cooper, exec. v.p.; Arthur P. Argyris, pres.-Shoe Division; Terrance J. Smith, v.p. & chief financial officer; Jay L. Kester, marketing pres.-Apparel Division; Gloria G. Goldberg Teague, operations pres.-Apparel Division; Joe Gaspers, president-Licensing Division; Dan Zuckerman, exec. v.p.-Franchise Division; Milton Barad, v.p.-marketing & sales, Shoe Division; Grace Condos, pres.-Retail Division.

Directors: James P. Argyropoulos, chairman; Robert Margolis, Arthur P. Argyris, Norman L. Cowgill, Peter D. Tamny, Edwin W. Steidle, Cary D. Cooper.

Business Activities: Operates eight retail stores and one outlet store, all but one in the Greater Los Angeles area. Ninety-five percent of the merchandise sold is manufactured by the Com-

pany, and is comprised mainly of women's apparel and footwear.

Divisions:
Apparel Division
Shoe Division
Licensing Division
Retail Division
Franchise Division

Subsidiaries:
Cherokee Apparel Corporation
Cherokee Trading Corporation
Cherokee World Wide Corporation
Cherokee Franchising Corporation
Priority Finishing Corporation (81%-owned)

Transfer Agent(s):
City National Bank
Beverly Hills, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CHKE

Number of Stores: (at fiscal year end)

1986 9 1985 9

Sales and Earnings		
	Net Sales	Net Income †
1986	\$ 104,001,000	\$ 6,792,000
1985	83,634,000	4,269,000
1984	72,413,000	3,059,000
1983	48,299,000	1,676,000
1982	37,409,000	882,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	11,255,174	\$ 0.60
1985	11,374,092	0.38
1984	11,388,460	0.24
1982	8,028,152	0.21
1982	8,028,152	0.11

† Including extraordinary gain of \$323,000 (\$0.03 per share) in 1984.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	2-for-1 & 2-for-1
Common Stock Equity			
	Total Equity	Equity Per Share ‡	
1986	\$ 26,645,000	\$ 2.37	
1985	19,163,000	1.68	
1984	15,354,060	1.35	
1983	4,959,000	0.62	
1982	3,283,000	0.41	

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *		
	(000's)	
Year ended	11/29/86	11/30/85
Net sales	\$ 104,001	\$ 83,634
Cost of sales	65,123	53,882
Expenses	23,523	19,567
Factoring commission & int. exp.	1,533	1,541
Other expenses (income)	(48)	122
Income before taxes	\$ 13,858	\$ 8,522
Income taxes	7,066	4,253
Net Income	\$ 6,792	\$ 4,269

* Included in Costs and Expenses, Depreciation and Amortization: \$903,000 in 1986 and \$909,000 in 1985.

Assets (000's)		
As of	11/29/86	11/30/85
Cash	\$ 896	\$ 1,246
Accts. receiv., net	23,466	18,315
*Inventories	18,065	14,148
Net invest. - direct fin. lease	304	278
Prepaid expenses	586	854
Current Assets	\$ 43,317	\$ 34,841
#Fixed assets	2,505	2,253
Net invest. - direct fin. lease	746	1,050
Other assets	1,182	424
Other investments	304	331
Intangibles	2,025	2,086
Total Assets	\$ 50,079	\$ 40,985
Liabilities (000's)		
Bank loans	\$ 10,305	\$ 9,916
Long-term debt, curr.	280	410
Accts. payable & accruals	7,890	6,285
Income taxes	1,327	345
Current Liabilities	\$ 19,802	\$ 16,956
Long-term debt	955	1,669
Deferred inc. taxes	2,677	3,197
+ Common stock	8,036	7,446
Retained earnings	18,709	11,917
Deferred compensation	(100)	(200)
Total Liabilities & Shareholders' Equity	\$ 50,079	\$ 40,985

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	13.32	10.19
%Net Income to Sales	6.53	5.10
%Net Income to Equity	25.49	22.28
Sales to Inventories	5.76	5.91
Debt to Equity	0.04	0.03
Working Capital	\$23,515,000	\$17,885,000
Current Ratio	2.19	2.05
Shareholders' Equity	\$26,645,000	\$19,163,000

Chesebrough-Pond's Inc.

(Acquired by Unilever N.V. on February 10, 1987)

Westport, Connecticut 06881-0851
(203) 222-3000

Officers: Morris Tabakshlat, chairman of the board & chief exec. officer; Robert M. Phillips, president & chief operating officer; Donald G. Wiesen, vice chairman & chief financial officer; George F. Goebeler, vice chairman, president & chief operating officer-Consumer Products Group; Richard P. Scheifele, vice chairman; E.C. Galloway, exec. v.p.; Robert H. Mann, sr. v.p., secretary & general counsel; Anthony J. Butterworth, v.p. & president-International Division, Consumer Products Group; Roy Sambrook, vice chairman, president & chief operating officer-Chemical Products Group; Raymond A. Balistio, v.p. & president-Prince Matchabelli Division; Charles B. Strauss, v.p. & president-Packaged Foods Division; Gary N. Malloch, v.p. & president-Health & Beauty Products Division; John M. Sullivan, v.p. & president-Prince Division; Robert E. Crow, v.p. & president-Basic Chemicals Division; Conrad S. Kent, v.p. & president-Specialty & Food Products Division; Joseph P. Monteleone, v.p. & president-International Division, Chemical Products Group; Milan J. Turk, v.p. & president-Agricultural Products Division; Melvin I. Davis, Edward C. Hughes, Kenneth R. Lightcap, George J. Luby, Theodore C. Mullins, Stephen R. Walls, Richard I. Mateles, William H. Schmitt, v.p.'s; Richard J. Rolzhausen, v.p. & treasurer; Rocco Balestriere, controller.

Chesebrough-Pond's Inc.

Directors: Morris Tabakulski, chairman; George F. Goebeler, Robert H. Mann, Donald G. Wiesen, Richard P. Scheifele, Manfred Stach, Robert M. Phillips, Roy Sambrook.

Business Activities: Manufactures and markets consumer products, including cosmetics, medicinals, toiletries, fragrances, specialty foods, health care products, tennis apparel, and casual footwear. The Bass Division, through The Shoe Box, Inc. chain of retail stores in Texas, sells casual and fashion footwear.

Sales and Earnings

	Net Sales +	Net Income
1986	\$2,730,779,000	\$ 159,468,000
1985	2,242,672,000	82,174,000
1984	1,222,872,000	119,529,000
1983	1,171,141,000	127,878,000
1982	1,141,733,000	125,265,000

	No. of Com. Shares †	Earn. per Share †
1986	41,394,000	\$ 3.85
1985	34,997,000	2.35
1984	35,132,000	3.40
1983	35,768,000	3.58
1982	35,196,000	3.56

+ Of continuing operations only.

† Based on the weighted average number of shares.

Revenues By Line of Business

	1986	1985
Health beauty prod.	\$ 357,023,000	\$ 321,538,000
Packaged foods	413,234,000	346,396,000
Prince Matchabelli	115,710,000	130,166,000
International	445,874,000	396,646,000
Prince	75,727,000	61,945,000
Total consumer prod.	\$1,407,568,000	\$1,256,691,000
Chemical prod. group	1,323,211,000	985,981,000
Total	\$2,730,779,000	\$2,242,672,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.02	—	—
1985	2.00	—	—
1984	1.92	—	—
1983	1.84	—	—
1982	1.72	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$1,056,608,000	\$ 24.74
1985	678,273,000	19.20
1984	625,617,000	18.30
1983	649,945,000	18.27
1982	625,082,000	17.41

Income Account * (000's)

Year ended	1985	1984
Dec. 31		
Net sales	\$ 2,699,498	\$ 1,522,148
Cost of sales	1,579,690	693,670
Expenses	902,708	645,757
Interest expense	179,056	55,070
Interest income	(34,368)	(15,068)
Gain on for. exch.	(12,256)	(3,639)
Other expense (income)	7,223	(127)
Income before taxes	\$ 77,445	\$ 146,485
Income taxes	12,776	57,083
Minority interest	4,319	(47)
Eq. in earn. of assoc. cos.	(7,610)	(2,898)
Inc. - cont. oper.	\$ 67,960	\$ 92,347
Inc. - discont. oper.	14,214	27,182
Net Income	\$ 82,174	\$ 119,529

* Included in Costs and Expenses. Depreciation: \$118,547,000 in 1985 and \$24,748,000 in 1984.

Assets (000's)

As of Dec. 31	1985	1984
Cash & short-term invest.	\$ 69,964	\$ 100,566
Accts. receiv., net	506,519	365,054
*Inventories	657,498	502,894
Prepaid expenses	59,503	37,931
Assets of businesses held for sale	50,225	—
Current Assets	\$ 1,343,709	\$ 1,006,445
#Fixed assets	1,024,226	329,322
Invest. & other assets	184,169	53,092
Intangibles	455,946	58,451
Total Assets	\$ 3,008,050	\$ 1,447,310

Liabilities (000's)

Notes payable	\$ 109,615	\$ 265,952
Long-term debt	85,072	3,516
Accts. payable & accruals	505,342	208,649
Income taxes	64,084	28,810
Curr. Liabilities	\$ 764,113	\$ 506,927
Long-term debt	1,174,349	243,929
Deferred taxes	141,024	26,689
Other liabilities	162,998	42,984
Minority interest	87,293	1,164
+ Common stock	36,180	36,180
Add. paid-in capital	92,678	96,331
Retained earnings	671,210	659,152
For. curr. trans. adj.	(88,973)	(89,892)
Treasury stock	(32,822)	(76,154)
Total Liabilities & Shareholders' Equity	\$ 3,008,050	\$ 1,447,310

* At lower of cost or market. Consumer products group at FIFO; chemical products group at LIFO.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Net Income to Equity	12.12	19.11
Sales to Inventories	4.11	3.03
Debt to Equity	2.02	0.82
Working Capital	\$579,596,000	\$499,518,000
Current Ratio	1.76	1.99
Shareholders' Equity	\$678,273,000	\$625,617,000

Child World, Inc.

25 Littlefield Street
Avon, Massachusetts 02322
(617) 588-7300

Officers: Dennis H. Barron, chairman of the board; Gilbert L. Wachsmann, president; Richard J. Ryan, executive v.p. & chief financial officer; Thomas T.S. Kaung, sr. v.p.; Robert W. Antall, Roy M. Cohen, Larry E. Cook, Linda Goodman, Herbert J. Hodus, David J. Nace, John Nugent, Stanley R. Walsh, Cathy Wells, vice presidents; Tracy L. Burneister, treasurer; John F. Downie, clerk.

Directors: Dennis H. Barron, chairman of the board; Jeffrey A. Cole, R.T. Ammon, Thomas V. Bonoma, Hugh G. Farrington, Jerome Kohlberg, Jr., Henry R. Kravis, Paul E. Rafter, George R. Roberts.

Business Activities: Operates 134 toy supermarkets under the names "Child World" and "Children's Palace" in 28 states. These stores offer a broad assortment of merchandise including toys, bicycles, learning aids, baby furniture, sporting goods and outdoor play equipment.

Transfer Agent(s):
Ameritrust Company, N.A.
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CWLD (NASDAQ)

Number of Stores: (at fiscal year end)

1987	134	1984	90
1986	119	1983	79
1985	104		

NOTE: CNC Holding Corporation and its wholly-owned subsidiaries own approximately 81.5% of the outstanding stock of Child World, Inc. as of Jan. 31, 1987. Prior to Aug. 30, 1985, CNC owned all of the outstanding stock of the Company.

Sales and Earnings

	Net Sales	Net Income †
1987	\$ 628,834,000	\$ 10,949,000
1986	513,148,000	9,368,000
1985*	435,740,000	8,402,000
1984#	360,001,000	9,998,000
1983#	283,161,000	6,839,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	11,500,000	\$ 0.95
1986	10,286,000	0.91
1985†	11,500,000	0.73

* 53 weeks.

† Pro forma. Gives effect to the acquisition as if it had occurred on Jan. 29, 1984.

Predecessor company.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 181,808,000	\$ 15.81
1986	170,859,000	16.61
1985	168,696,000	14.67

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 628,834	\$ 513,148
Cost of sales	1,685	355,536
Expenses	148,282	119,862
Depreciation & amortization	11,355	10,117
Interest expense	5,176	7,585
Interest income	(937)	(814)
Income bef. taxes	\$ 26,012	\$ 20,802
Income taxes	15,063	11,434
Net Income	\$ 10,949	\$ 9,368

Assets (000's)

As of	1/31/87	2/1/86
Cash	\$ 43,467	\$ 22,325
Accts. receiv., net	1,685	2,086
*Inventories	178,837	141,183
Prepaid expenses	4,626	3,899
Current Assets	228,615	169,493
#Fixed assets	45,958	38,813
Leased prop. under cap. leases	28,875	31,993
Other assets	543	578
Intangibles	76,087	78,107
Total Assets	\$ 380,078	\$ 318,984

Liabilities (000's)

Long-term debt, curr.	\$ 400	\$ 100
Cap. lease oblig., curr.	1,935	1,769
Accts. payable	129,440	87,536
Accruals	28,069	20,672
Income taxes	6,992	5,185
Curr. Liabilities	\$ 166,836	\$ 115,262

Circuit City Stores, Inc.

Long-term debt	5,500	5,900
Cap. lease oblig.	24,245	26,180
Deferred inc. taxes	1,689	783
+ Common stock	1,150	1,150
Add. paid-in capital	158,781	158,781
Retained earnings	21,877	10,928

Total Liabilities & Shareholders' Equity	\$ 380,078	\$ 318,984
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* At lower of cost (LIFO) or market.
 ‡ Less accumulated depreciation and amortization.
 + \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.14	4.05
%Net Income to Sales	1.74	1.83
%Net Income to Equity	6.02	5.48
Sales to Inventories	3.52	3.63
Debt to Equity	0.18	0.20
Working Capital	\$ 61,779,000	\$ 54,231,000
Current Ratio	1.37	1.47
Shareholders' Equity	\$181,808,000	\$170,859,000

The Circle K Corporation

1601 North 7th Street
 Phoenix, Arizona
 (602) 253-9600

Mailing address:
 P.O. Box 52084
 Phoenix, Arizona 85072

Officers: Karl Eller, chairman of the board; Fred Hervey, vice chairman; Robert E. Hutchinson, president; Ray Cox, sr. v.p. corp. affairs; Robert Reade, sr. v.p. - real estate & development; Bill J. Farmer, sr. v.p. - finance & treasurer; William Remmers, sr. v.p. - international operations; Charles Shoumaker, sr. v.p. - human resources; Gehl Babinec, sr. v.p. & general counsel; Joel Sterrett, secretary; Larry Zine, asst. secretary.

Directors: Karl Eller, chairman; Fred T. Hervey, Herman R. Fenstermacher, Robert E. Hutchinson, Dean Guerin, William A. Franke, John P. Harbin, Carl H. Lindner, Keith E. Lindner.

Business Activities: Operates a chain of convenience food stores engaged in the retail sale of general merchandise, fast foods, groceries, tobacco products, health and beauty aids, and self-service gasoline in 25 states, located primarily in the south and west. The company also licenses 221 stores in Japan under agreement with The Uniy Company.

Subsidiary:

Shop & Go, Inc.
 Mango, Florida
 Operates 446 stores in Florida and Georgia.

Joint Venture:

Comprised of Circle K International, The Uniy Company, (Circle K's Japanese licensee) and Li & Fung, a Hong Kong import firm; established to license Circle K store operations throughout Southeast Asia.

Transfer Agent(s):

Texas Commerce-El Paso, N.A.
 El Paso, Texas

Harris Trust Company of New York
 New York, New York

Stock Exchange(s): American

Ticker Symbol: CKP

Number of Stores: (at fiscal year end)

1986	3,372	1983	1,211
1985	2,669	1982	1,211
1984	2,185		

Sales and Earnings

	Net Sales \$	Net Income
1986	\$2,111,267,000	\$ 39,766,000
1985	1,682,164,000	33,421,000
1984	1,028,853,000	21,662,000

1983	747,844,000	15,164,000
1982	726,793,000	(15,278,000)

	No. of Com. Shares #	Earn. per Share #
1986	20,688,227	\$ 1.73
1985	18,145,913	1.62
1984	16,948,029	1.20
1983	16,659,791	0.91
1982	15,473,342	—

(Loss)

‡ Includes contracts operated stores.

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	\$0.50	—	3-for-2
1985	0.49	—	—
1984	0.49	—	—
1983	0.49	—	—
1982	0.48	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	\$ 198,426,000	\$ 9.24
1985	122,613,000	6.76
1984	91,567,000	5.26
1983	68,474,000	4.11
1982	61,348,000	3.68

Adjusted to reflect stock split.

Income Account (000's)

Year ended April 30	1986	1985
Net sales	\$ 2,111,267	\$ 1,682,164
Cost of sales	1,550,499	1,253,151
Expenses	426,233	333,996
Depreciation	40,846	28,319
Oper. profit	\$ 93,689	\$ 66,698
Interest income	2,401	2,197
Litigation costs	(6,736)	—
Other income	17,848	11,967
Total	\$ 107,202	\$ 80,862
Interest expense	36,560	21,772
Income before taxes	\$ 70,642	\$ 59,090
Income taxes	30,876	25,669
Net Income	\$ 39,766	\$ 33,421

Assets (000's)

As of April 30	1986	1985
Cash	\$ 19,911	\$ 22,270
Receivables, net	12,481	11,129
*Inventories	132,707	107,073
Prepaid inc. taxes	1,398	—
Prepaid expenses	6,079	3,256
Prop. held for sale	101,500	32,200
Current Assets	\$ 274,076	\$ 175,928
#Fixed assets	345,715	252,512
Promissory notes due from affil.	28,198	25,797
Intangibles	173,129	109,032
Other assets	31,633	16,488
Total Assets	\$ 852,751	\$ 579,757

Liabilities (000's)

Due to banks	\$ 52,000	\$ —
Long-term debt, curr.	4,582	6,082

Accts. payable	77,141	61,052
Accruals	35,347	29,660
Income taxes	3,983	9,861
Money orders sold	11,822	8,545

Curr. Liabilities	\$ 184,875	\$ 115,200
Long-term debt	382,936	269,416
Other liabilities	7,963	4,371
Def. inc. taxes	28,551	18,157
Redeem. pref. stock	50,000	50,000
+ Common stock	21,468	12,097
Add. paid-in capital	92,350	44,655
Common stock warrants	2,300	2,300
Retained earnings	82,308	63,561

Total Liabilities & Shareholders' Equity	\$ 852,751	\$ 579,757
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* At lower of cost (retail method) or market.
 ‡ Less accumulated depreciation and amortization.
 + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.35	3.51
%Net Income to Sales	1.88	1.99
%Net Income to Equity	20.04	27.26
Sales to Inventories	15.91	15.71
Debt to Equity	1.93	2.25
Working Capital	\$ 89,201,000	\$ 60,728,000
Current Ratio	1.48	1.53
Shareholders' Equity	\$198,426,000	\$122,613,000

Circuit City Stores, Inc.

2040 Thalbro Street
 Richmond, Virginia 23230
 (804) 257-4292

Officers: Alan L. Wurtzel, chairman; Richard L. Sharp, president & chief exec. officer; William D. Rivas, Daniel M. Rexinger, exec. v.p.'s; Edward Villanueva, v.p. & treasurer; Walter Bruckart, sr. v.p.; John A. Fitzsimmons, sr. v.p.; Franklin Bell, Richard Birnbaum, William E. Oddy, William E. Zierden, James N. Gillum, Kenneth Antos, v.p.'s; Michael T. Chalifoux, controller; Gertrude M. Gibson, secretary; Frank Forlano, Sheldon Shapiro, Edward Kopf, Donald Chasen, Bernard Curlee, Thomas Hannah, Richard A. Hammill, Terry L. Kelly, Jerry L. Lawson, R. Bruce Lucas, asst. v.p.'s; Lawrence A. Wilson, asst. treasurer & asst. secretary.

Directors: Edward Villanueva*, Alan L. Wurtzel, Hyman Meyers, Theodore Nierenberg, William D. Rivas*, Robert R. Glauber, Daniel M. Rexinger*, Douglas Drysdale, Richard N. Cooper, Richard L. Sharp*, Charles B. Davis, Stanley R. Kline.

* Member of the Executive Committee.

Bus. Activities: Sells television appliances, audio and video equipment, and other consumer electronics products at 87 retail locations in 11 southeastern states and California under the names Circuit City and Circuit City Superstore.

Transfer Agent(s):

United Virginia Bank
 Richmond, Virginia

Stock Exchange(s): New York

Ticker Symbol: CC

Number of Stores: (at fiscal year end)

1987	87	1984	98
1986	67	1983	101
1985	93		

Sales and Earnings

	Net Sales \$	Net Income
1987	\$1,010,692,000	\$ 35,300,000
1986	705,490,000	22,021,000
1985	519,214,000	20,234,000
1984	356,708,000	12,009,000
1983	245,914,000	5,507,000

Circuit City Stores, Inc.

	No. of Com. Shares +	Earn. per Share †
1987	22,189,380	\$ 1.59
1986	21,890,830	0.99
1985	21,721,978	0.97
1984	19,764,846	0.62
1983	16,867,134	0.31

‡ Includes operating revenues.

+ Adjusted to reflect stock splits.

† Based on the weighted average number of common share and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.058	—	2-for-1
1986	0.048	—	—
1985	0.038	—	—
1984	0.019	—	3-for-1
1983	0.014	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 149,271,000	\$ 6.73
1986	111,186,000†	5.08
1985	88,585,000†	4.08
1984	47,986,000†	2.43
1983	26,215,000†	1.56

† After allowing for preferred stock at redemption value.

‡ Adjusted to reflect stock splits.

Income Account * (000's)		
Year ended Feb. 28	1987	1986
Net sales & oper. rev.	\$ 1,010,692	\$ 705,490
Cost of sales	720,187	505,691
Expenses	213,816	157,521
Interest expense	5,189	2,257
Income before taxes	\$ 71,500	\$ 40,021
Income taxes	36,200	18,000
Net Income	\$ 35,300	\$ 22,021

* Included in Costs and Expenses, Depreciation and Amortization: \$9,436,000 in 1987 and \$5,924,000 in 1986.

Assets (000's)		
As of Feb. 28	1987	1986
Cash	\$ 33,728	\$ 5,124
Accts. receiv., net	12,319	9,615
*Inventories	144,418	116,775
Other assets	5,017	4,425
Current Assets	\$ 195,482	\$ 135,939
#Fixed assets	147,213	83,331
Other assets	18,922	23,029
Deferred inc. taxes	—	1,637
Total Assets	\$ 361,617	\$ 243,936
Liabilities (000's)		
Long-term debt, curr.	\$ 1,118	\$ 2,014
Accts. payable	63,904	57,209
Accruals	16,609	14,492
Accrued inc. taxes	16,531	8,570
Curr. Liabilities	\$ 98,162	\$ 82,285
Long-term debt	101,149	40,005
Deferred revenues	11,609	7,958
Other liabilities	34	1,916
Deferred income taxes	1,392	—
+ Preferred stock	—	586

+ + Common stock	22,190	10,945
Add. paid-in capital	21,521	28,687
Retained earnings	105,560	71,554

Total Liabilities & Shareholders' Equity	\$ 361,617	\$ 243,936
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* At lower of cost (average) or market.

Less accumulated depreciation and amortization.

+ \$20 par value; 16 2/3% cum. convert.

+ + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales and Rev.	7.07	5.67
%Net Income to Sales & Rev.	3.49	3.12
%Net Income to Equity	23.65	19.70
Debt to Equity	0.68	0.38
Working Capital	\$ 97,320,000	\$ 53,654,000
Current Ratio	1.99	1.65
Shareholders' Equity	\$149,271,000	\$111,772,000

Claire's Stores, Inc.

6095 N.W. 167th Street
Miami, Florida 33015
(305) 558-2577

Officers: Rowland Schaefer, chairman of the board & president; John H. Boyers, treasurer; Harold E. Berritt, secretary; Sylvia Schaefer, vice president; Charlotte G. Fischer, pres. & chief operating officer-Claire's Boutiques, Inc.; Theodore Adler, v.p.-real estate, Claire's Boutiques, Inc.; Leslie D. Dunavant, v.p.-store operations, Claire's Boutiques, Inc.; Alexander M. Wintekki, v.p.-administration, Claire's Boutiques, Inc.

Directors: Rowland Schaefer, chairman; Harold E. Berritt, Fred D. Hirt, Bruce G. Miller, Sylvia Schaefer.

Business Activities: Operates 463 specialty retail stores selling popular priced women's fashion accessories in enclosed shopping malls in 44 states, under the name "Claire's Boutiques."

Subsidiary:

Claire's Boutiques, Inc.
1501 North Michael Drive
Wood Dale, Illinois 60191

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: CLE

Number of Stores: (at fiscal year end)

1987	439	1984	195
1986	326	1983	178
1985	243		

Sales and Earnings		
	Net Sales	Net Income
1987	\$ 87,205,000	\$ 5,323,000
1986	74,456,000	7,479,000
1985*	55,895,000	6,600,000
1984	36,048,000	3,969,000
1983	26,488,000	1,090,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	16,015,000	\$ 0.33
1986	16,623,000	0.45
1985*	16,363,000	0.40
1984	13,765,000	0.29
1983	10,516,000	0.10

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock		
	Cash Dividend	Stock Dividend
1987	\$0.10	—
1986	0.08	—
1985	0.04	—

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 23,618,000	\$ 1.47
1986	20,257,000	1.22
1985	16,611,000	1.02
1984	9,276,000	0.67
1983	(892,000)	—

(Deficiency).

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *		
Year ended	1/31/87	2/1/86
Net sales	\$ 87,205,436	\$ 74,456,443
Cost of sales	44,056,138	37,661,341
Expenses	29,208,152	21,123,296
Depreciation & amortization	3,115,577	1,961,921
Interest expense	412,863	46,149
Interest income	(1,909)	(105,969)
Income bef. taxes	\$ 10,414,615	\$ 13,769,705
Income taxes	5,091,366	6,290,217
Net Income	\$ 5,323,249	\$ 7,479,488

Assets		
As of	1/31/87	2/1/86
Cash	\$ 1,381,546	\$ 1,419,567
*Inventories	10,891,982	12,305,480
Prepaid expenses	1,115,415	604,680
Current Assets	\$ 13,388,943	\$ 14,329,727
#Fixed assets	25,266,149	17,350,128
Goodwill	326,918	338,966
Store fixtures	990,916	803,204
Other assets	84,348	102,945
Total Assets	\$ 40,057,274	\$ 32,924,970

Liabilities		
Accts. payable	\$ 8,181,512	\$ 8,459,530
Accruals	2,579,980	2,045,609
Dividends payable	398,174	402,606
Income taxes	3,059,946	360,086
Curr. Liabilities	\$ 14,219,612	\$ 11,267,831
Deferred inc. taxes	2,220,000	1,400,000
+ Common stock	808,578	805,200
Add. paid-in capital	7,805,432	7,712,784
Retained earnings	17,230,890	13,494,493
Treasury stock	(2,227,238)	(1,755,338)
Total Liabilities & Shareholders' Equity	\$ 40,057,274	\$ 32,924,970

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.05 par value.

Statistical Summary		
%Income bef. Taxes to Sales	11.94	18.49
%Net Income to Sales	6.10	10.05
%Net Income to Equity	22.54	36.92
Sales to Inventories	8.01	6.05
Working Capital	—	\$ 3,061,896
Current Ratio	—	1.27
Shareholders' Equity	\$23,617,662	\$20,257,139

The Clothestime, Inc.

5325 East Hunter Avenue
Anaheim, California 92807
(714) 779-5881

Officers: Michael P. DeAngelo, chairman & chief executive officer; Raymond A. DeAngelo, vice chairman of the board; John Ortega II, vice chairman of the board; Norman Abramson, president & chief operating officer; Jeffrey R. Duke, vice president-real estate & construction; Norman Laskin, v.p.-mgmt. services; Ralph W. Salo, v.p. & chief financial officer.

Directors: Michael P. DeAngelo, chairman; Raymond A. DeAngelo, John Ortega II, August DeAngelo, Edgar F. Berner, Harvey A. Bookstein, Norman Abramson.

Business Activities: The company operates women's apparel stores in California, Nevada, Arizona, Texas, Colorado, Alabama, Louisiana, Georgia, Florida, Oregon, New Mexico, Illinois, South Carolina, and Washington. The stores offer primarily in-season, moderately priced, junior sportswear, dresses and accessories. Most of these items are sold under recognizable brand names, at substantial discounts from better department and specialty store prices.

Transfer Agent(s):
U.S. Stock Transfer Corporation
1745 Gardena Ave.
Glendale, CA 91204

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CTME (NASDAQ)

Number of Stores: (at fiscal year end)

1987	263	1985	155
1986	190		

Sales and Earnings

	Net Sales †	Net Income
1987*	\$ 160,670,000	\$ 11,908,000
1986	126,929,000	10,005,000
1985	98,247,000	3,311,000
1984	68,448,000	2,420,000
1983	46,014,000	1,134,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987*	14,298,000	\$ 0.83
1986	14,206,000	0.70
1985	14,048,000	0.24
1984	12,164,000	0.20
1983	11,880,000	0.10

* 53 weeks.

† Includes other income.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	—	—	2-for-1 & 3-for-2
1985	—	—	—
1984	—	—	5.6-for-1
1983	—	—	100-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 34,726,000	\$ 2.43
1986	22,580,000	1.59
1985	12,317,000	0.88
1984	8,973,000	0.74
1983	2,728,000	0.23

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended	1/31/87 (53 weeks)	1/26/86
Net sales	\$ 160,334,334	\$ 126,531,275
Other income	335,218	398,243
Total Income	\$ 160,669,552	\$ 126,929,518
Cost of sales	87,441,231	70,325,458
Expenses	49,258,693	37,416,843
Interest expense	67,402	149,343
Income before taxes	\$ 23,902,226	\$ 19,037,874
Income taxes	11,994,000	9,033,000
Net Income	\$ 11,908,226	\$ 10,004,874

* Included in Costs and Expenses, Depreciation and Amortization: \$2,424,868 in 1987 and \$1,457,707 in 1986.

Assets

As of	1/31/87	1/26/86
Cash & short-term invest.	\$ 2,064,968	\$ 969,257
Marketable securities	748,109	2,733,137
Inventories	21,475,009	12,501,163
Prepaid inc. taxes	2,348,505	1,352,264
Prepaid expenses	2,663,975	1,756,444
Current Assets	\$ 29,300,566	\$ 19,312,265
Fixed assets	24,409,757	15,058,133
Other assets	158,352	122,189
Total Assets	\$ 53,868,675	\$ 34,492,587

Liabilities

Long-term debt, curr.	\$ 156,242	\$ 164,771
Accts. payable	10,705,522	6,615,650
Accrued sales taxes	719,376	420,893
Accrued payroll	1,676,099	1,450,837
Other accruals	866,501	781,497
Curr. Liabilities	\$ 14,123,740	\$ 9,433,648
Long-term debt	41,172	197,414
Deferred inc. taxes	4,977,401	2,281,454
+ Common stock	138,523	136,570
Add. paid-in capital	5,588,031	5,065,552
Notes receiv. from officers	(371,375)	(85,008)
Retained earnings	29,371,183	17,462,957
Total Liabilities & Shareholders' Equity	\$ 53,868,675	\$ 34,492,587

* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.

+ \$0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	14.91	15.05
%Net Income to Sales	7.43	7.91
%Net Income to Equity	34.29	44.31
Sales to Inventories	7.47	10.12
Debt to Equity	—	0.02
Working Capital	\$15,176,816	\$ 9,878,617
Current Ratio	2.07	2.05
Shareholders' Equity	\$34,726,362	\$22,580,071

Consolidated Stores Corporation

2020 Corvair Avenue
P.O. Box 627
Columbus, Ohio 43216
(614) 224-1297

Officers: Sol A. Shenk, chairman & chief exec. officer; Charles H. Shenk, president; Sol R. Norflus, exec. v.p.; William B. Snow, exec. v.p. & chief financial officer; Patricia L. King, v.p. & controller; John A. Gabelman, secretary & treasurer; Linda E. Shafran, asst. v.p. & asst. secretary.

Directors: Sol A. Shenk, chairman; Rodney L. Goldstein, William J. Hunckler, III, Jerome Schottenstein, Jay Schottenstein, Charles H. Shenk, Ned Sherwood, Morris Sidewater.

Business Activities: Operates "close-out" retail stores under the names "Big Lots," featuring general merchandise at substantial discounts from original retail prices.

Divisions:

Retail Division
Wholesale Division
Corporate Services

Transfer Agent(s):

BancOhio National Bank
155 East Broad Street
Columbus, Ohio 43201

Manufacturers Hanover Trust Company
Grand Central Station
P.O. Box 3732
New York, New York 10163

Stock Exchange(s): New York

Ticker Symbol: CNS

Number of Stores: (at fiscal year end)

1987	219	1984	40
1986	115	1983	9
1985	54		

Sales and Earnings

	Net Sales +	Net Income
1/31/87	\$ 397,221,000	\$ 19,459,000
2/1/86	181,101,000	11,957,000
2/2/85*	39,433,000	3,633,000
9/30/84	48,756,000	3,993,000
9/30/83	20,874,000	2,725,000
	No. of Com. Shares ‡	Earn. per Share ‡
1/31/87	43,412,000	\$ 0.45
2/1/86	38,150,904	0.32
2/2/85*	31,600,000	0.12
9/30/84	31,600,000	0.12
9/30/83	31,600,000	0.08

* 4 months.

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Retail	\$ 378,949,000	\$ 162,797,000
Wholesale	18,272,000	18,304,000
Total	\$ 397,221,000	\$ 181,101,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1/31/87	—	—	2-for-1
2/1/86	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1/31/87	\$ 114,295,000	\$ 2.63
2/1/86	47,628,000	1.25
2/2/85	6,426,000	0.20
9/30/84	16,295,000	0.52
9/30/83	12,302,000	0.39

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Consolidated Stores Corporation

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 397,221	\$ 181,101
Cost of sales	235,505	105,054
Expenses	125,691	57,694
Joint venture earn.	(295)	(841)
Interest expense	1,885	1,945
Interest income	(135)	(480)
Other income	(2,075)	(413)
Income before taxes	\$ 36,645	\$ 18,142
Income taxes	17,186	6,185
Net Income	\$ 19,459	\$ 11,957

* Included in Costs and Expenses, Depreciation and Amortization: \$4,362,000 in 1987 and \$1,433,000 in 1986.

Assets

As of	1/31/87	2/1/86
Cash	\$ 4,658	\$ 4,398
Notes & accts. rec., net	4,059	3,241
Invest in joint venture	24,839	8,592
*Inventories	91,350	48,379
Prepaid expenses	3,642	1,648
Current Assets	\$ 128,548	\$ 66,258
#Fixed assets	73,658	12,528
Other assets	3,101	1,003
Total Assets	\$ 205,307	\$ 79,789

Liabilities

As of	1/31/87	2/1/86
Long-term debt, curr.	\$ 1,104	\$ 1,242
Accts. payable	38,967	21,027
Accruals	6,248	4,562
Income taxes	3,761	2,101
Curr. Liabilities	\$ 50,080	\$ 28,932
Long-term debt	38,399	2,949
Deferred inc. taxes	2,533	280
+ Common Stock	418	188
+ Non-voting common stock	33	23
Add. paid-in capital	81,814	34,846
Retained earnings	32,030	12,571
Total Liabilities & Shareholders' Equity	\$ 205,307	\$ 79,789

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.23	10.02
%Net Income to Sales	4.90	6.60
%Net Income to Equity	17.03	25.10
Sales to Inventories	4.35	3.74
Debt to Equity	0.01	0.09
Working Capital	\$ 78,468,000	\$37,326,000
Current Ratio	2.57	2.29
Shareholders' Equity	\$114,295,000	\$47,628,000

Convenient Food Mart, Inc.

9701 West Higgins Road
Suite 850
Rosemont, Illinois 60018

Officers: Robert S. Risberg, president & chief exec. officer; George R. Thompson, sr. v.p., chief financial officer & asst. secretary; William J. Suhrbur, v.p.-administration; John Manske, v.p. & dir.-real estate; Edwin F. Prizer, v.p.-corp. development; Martin J. Venturini, v.p.-marketing; Stanley Bresler, secretary; Richard Y. Fisher, asst. secretary.

Directors: Harry O. Bresler, Stanley Bresler, Richard Y. Fisher, Robert S. Risberg, Donald E. Runge.

Business Activities: The Company, directly and through its network of regional franchisors, operates and franchises a system of 1,316 convenience-style retail food stores in 33 states and parts of Canada. Of these 1,316 stores, 242 are operated by the Company and 41 are company-owned.

Subsidiaries:

CFM Franchising Company
CFM of New England, Inc.
CFM of Illinois, Inc.
Convenient Food Stores of Louisiana, Inc.
Convenient Franchising Leasing Corporation of America
CFM Service Corporation
Sunshine Foods, Inc.
Convenient Credit Corporation

Transfer Agent(s):

LaSalle National Bank
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CFMI (NASDAQ)

Number of Stores*:

1986	1,316	1983	1,096
1985	1,223	1982	1,078
1984	1,134		

* Operated and/or franchised.

Sales and Earnings

	Revenues	Net Income
1986	\$ 19,027,000	\$ 2,211,000
1985	8,121,000	1,841,000
1984*	14,618,000	2,007,000
1983	11,738,000	978,000
1982	9,419,000	1,028,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	2,464,000	\$ 0.90
1985	2,431,000	0.76
1984*	2,499,000	0.80
1983	2,578,000	0.38
1982	2,578,000	0.40

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$ —	10%	5-for-4
1985	0.05	—	5-for-4
1984	0.21	—	—
1983	0.20	—	—
1982	0.39	—	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per share ‡
1986	\$ 7,514,000	\$ 3.05
1985	5,279,000	2.17
1984	3,566,000	1.43
1983	2,511,000	0.97
1982	2,043,000	0.79

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended	12/28/86	12/29/85
Net sales	\$ 19,026,774	\$ 8,121,129
Rental expense	947,067	232,683
Product costs	3,399,283	648,649

Expenses	5,015,268	2,722,322
Loss from unconsol. subsid.	159,278	55,841
Corp. store costs	6,138,618	1,563,295
Interest income	(403,706)	(786,296)
Other income	(656,684)	—
Income before taxes	\$ 4,427,650	\$ 3,184,635
Income taxes	2,217,000	1,344,000
Net Income	\$ 2,210,650	\$ 1,840,635

* Included in Costs and Expenses, Depreciation and Amortization: \$125,932 in 1986 and \$52,627 in 1985.

Assets

As of	12/28/86	12/29/85
Cash	\$ 2,944,169	\$ 1,000
Accts. receiv., net	6,615,218	3,277,944
Due from unconsol. subsid.	—	433,955
*Inventories	2,131,719	515,573
Regional franchise rights held for resale	1,504,772	648,781
Property held for resale	1,665,094	—
Deferred inc. taxes	11,100	11,100
Prepaid expenses	431,938	124,070
Current Assets	\$ 15,304,010	\$ 5,012,423
#Fixed assets	5,382,389	885,735
Other assets	9,721,657	4,142,139
Total Assets	\$ 30,408,056	\$ 10,040,297

Liabilities

Long-term debt, curr.	\$ 14,929,017	\$ 1,319,651
Accts. payable	2,057,403	988,373
Accrued compensation	902,243	517,341
Other accruals	443,822	121,902
Income taxes	1,046,832	534,117
Curr. Liabilities	\$ 19,379,317	\$ 3,481,384
Long-term debt	1,441,032	358,939
Invest. in unconsol. subsid.	205,119	45,841
Rental secur. deposits	857,515	49,458
Deferred income	296,401	296,401
Deferred inc. taxes	715,100	529,100
+ Common stock	267,230	187,500
Add. paid-in capital	15,186	—
Retained earnings	7,658,656	5,519,174
Treasury stock	(427,500)	(427,500)
Total Liabilities & Shareholders' Equity	\$ 30,408,056	\$ 10,040,297

* At lower of cost or market.

Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	23.27	39.21
%Net Income to Sales	11.62	22.66
%Net Income to Equity	29.42	34.87
Sales to Inventories	8.93	15.75
Debt to Equity	2.18	0.32
Working Capital	—	\$1,531,039
Current Ratio	—	1.44
Shareholders' Equity	\$7,513,572	\$5,279,174

Cousins Home Furnishings, Inc.

11230 Sorrento Valley Road
San Diego, California 92121
(619) 452-5560

Officers: Paul Richards, chairman; Gerald Hohman, president & chief operating officer; Conrad Brownlee, chief financial officer & secretary; Sam Levitz, v.p.-merchandising; Ken Mahoney, v.p.-sales; John Norris, v.p.-security; Michael Ray, v.p.-field operations; Steve Schingler, v.p.-warehouse/distribution; Bob Torkar, treasurer; Rick Uhrich, v.p.-operations coordination.

Directors: Paul Richards, chairman; F. Comrie, J. Comrie, W. Comrie, Gerald M. Hohman, Sidney Lapidus, David S. Shanks.

Business Activities: Operates 21 retail home furnishings stores in California under the trade name Furnishings 2000. Products include home furnishings as well as major appliances and electronic equipment for home entertainment.

Transfer Agent(s):

Bank of America, NT & SA
555 South Flower Street
Los Angeles, California 90071

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CUZZ (NASDAQ)

Number of Stores: (at fiscal year end)

1986 21

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 84,622,000	\$ (6,484,000)
1985	116,797,000	(14,935,000)
1984	83,082,000	(6,071,000)
1983	20,343,000	862,000
1982	13,869,000	425,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	8,161,000	\$ —
1985	8,156,000	—
1984	7,163,000	—
1983	3,733,000	0.23
1982	2,948,000	0.14

(Loss)

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	—
1985	—	—	—
1984	—	—	2-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 7,056,000	\$ 0.86
1985	13,369,000	1.64
1984	23,287,000	3.25
1983	4,628,000	1.24
1982	738,000	0.25

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account
(000's)

Year ended June 30	1986	1985
Net sales	\$ 84,622	\$ 116,797
Cost of sales	47,231	72,936
Expenses	44,542	54,115
Depreciation & amortization	3,427	5,927
Interest expense	2,402	1,729
Interest income	(253)	(255)
Other expense (income)	1,097	(1,199)
Loss before taxes	\$ (13,824)	\$ (16,456)
Tax credit	—	(163)
Loss from cont. oper.	\$ (13,824)	\$ (16,293)
Income from discount oper.	8,745	1,358
Cum. effect of change in accounting princ.	(1,405)	—
Net Loss	\$ (6,484)	\$ (14,935)

Assets
(000's)

As of June 30	1986	1985
Cash	\$ 4,546	\$ 840
Accts. receiv., net	3,505	8,810
*Inventories	11,388	11,451
Prepaid expenses	565	1,483
Current Assets	\$ 20,004	\$ 22,584
#Fixed assets	15,553	26,535
Defer. charges	1,254	839
Total Assets	\$ 36,811	\$ 49,958

Liabilities
(000's)

	1986	1985
Short-term borrowings	\$ 5,850	\$ 11,500
Long-term debt, curr.	347	697
Accts. payable & accruals	5,489	14,750
Cust. deposits	5,000*	3,344
Curr. Liabilities	\$ 16,692	\$ 30,291
Long-term debt	542	6,298
Convert. subord. debent.	12,521	—
+ Common stock	82	82
Add. paid-in capital	33,143	32,972
Accumulated deficit	(26,169)	(19,685)
Total Liabilities & Shareholders' Equity	\$ 36,811	\$ 49,958

* At lower of cost (FIFO & specific identification) or market.
Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary

Sales to Inventories	7.43	10.20
Debt to Equity	0.96	1.38
Working Capital	\$3,312,000	—
Current Ratio	1.20	—
Shareholders' Equity	\$7,056,000	\$13,369,000

Crazy Eddie, Inc.

140 Carter Drive
Edison, New Jersey 08817
(201) 248-1410

Officers: Eddie Antar, chairman of the board; Sam E. Antar, executive v.p. & chief financial officer; Isaac Kairey, executive v.p.-operations; Solomon W. Antar, sr. v.p., secretary & general counsel; Eddy Antar, treasurer; David V. Panoff, sr. v.p.-service & support systems; Edmond Levy, v.p.-real estate & development; Steven Pasquariello, v.p.-store operations.

Directors: Eddie Antar, chairman of the board; Sam E. Antar, Isaac Kairey, Solomon E. Antar, Eddy Antar, David V. Panoff, Edmond Levy, Steven Pasquariello, William H. Salzman.

Business Activities: Operates 39 home entertainment and consumer electronics retail stores in New York, New Jersey, Connecticut, and Pennsylvania under the Crazy Eddie name.

Transfer Agent(s):

Bank Leumi
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CRZY (NASDAQ)

Number of Stores: (at fiscal year end)

1987	34	1984	13
1986	23	1983	12
1985	15		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 352,523,000	\$ 10,596,000
1986	262,268,000	13,244,000
1985	136,319,000	5,829,000
1984	137,285,000	3,773,000
1983	111,406,000	895,000

No. of Com. Shares ‡

1987	31,204,000	\$ 0.34
1985	27,664,000	0.48
1985*	24,212,000	0.24
1984	20,000,000	0.18
1983	20,000,000	0.04

* 9 months.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	2-for-1
1986	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 93,260,000	\$ 2.99
1986	42,621,000	1.54
1985	23,861,000	0.99
1984	6,224,000	0.31
1983	2,951,000	0.15

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	3/1/87	3/2/86
Net sales	\$ 352,523	\$ 262,268
Cost of sales	272,255	194,371
Expenses	61,341	42,975
Interest expense	5,233	820
Interest income	(7,403)	(3,210)
Pension contribution	500	800
Income before taxes	\$ 20,597	\$ 26,512
Income taxes	10,001	13,268
Net Income	\$ 10,596	\$ 13,244

* Included in Costs and Expenses, Depreciation and Amortization: \$2,330,000 in 1987 and \$1,044,000 in 1986.

Assets
(000's)

As of	3/1/87	3/2/86
Cash	\$ 9,347	\$ 13,296
Short-term invest.	121,957	26,840
Accts. receiv., net	10,846	2,246
*Inventories	109,072	59,864
Prepaid inc. taxes	2,583	—
Prepaid expenses	4,030	2,363
Deferred inc. taxes	4,026	—
Current Assets	\$ 261,861	\$ 104,609
Deferred inc. taxes	1,668	3,978
Restricted cash	—	3,356
#Fixed assets	26,401	7,172
Construc. in progress	—	6,253
Other assets	3,246	1,582
Defer. financial costs	1,682	—
Total Assets	\$ 294,858	\$ 126,950

Liabilities
(000's)

Short-term debt	\$ 49,286	\$ —
Long-term debt, curr.	285	2,254
Accts. payable	50,022	51,723
Unearned service contract rev.	3,641	3,696
Other accruals	5,593	6,055
Income taxes	—	11,071
Curr. Liabilities	\$ 108,827	\$ 74,799
Long-term debt	8,459	7,701
Conv. subord. debent.	80,975	—

Crazy Eddie, Inc.

Unearned service contract rev.	3,337	1,829
+ Common stock	313	280
Add. paid-in capital	57,678	17,668
Retained earnings	35,269	24,673

Total Liabilities & Shareholders' Equity	\$ 294,858	\$ 126,950
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* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.84	10.11
%Net Income to Sales	3.01	5.05
%Net Income to Equity	11.36	31.07
Sales to Inventories	3.23	4.38
Debt to Equity	0.62	0.23
Working Capital	\$15,034,000	\$29,810,000
Current Ratio	2.41	1.40
Shareholders' Equity	\$93,260,000	\$43,621,000

C & R Clothiers Inc.

8660 Hayden Place
Culver City, California 90232
(213) 559-8200

Officers: Paul S. Reisbord, chairman of the board & president; Burton L. Kieffer, secretary; Elinor Johns, v.p.-human resources; Sidney Rosenbloom, v.p.-operations; Dianne Thomas, v.p.-advertising, sales promotion; Evans Jonson, v.p.-field operations; Joel S. Adelman, v.p.-finance; John Olson, v.p.-mdse. planning; John Damiano, v.p.-mdse. buying.

Directors: Paul S. Reisbord, chairman; Burton L. Kieffer, Harry Reisbord, Haya Reisbord.

Business Activities: Operates a chain of men's clothing stores in southern California.

Transfer Agent(s):

U. S. Stock Transfer Company
Glendale, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CLTH (NASDAQ)

Number of Stores: (at fiscal year end)

1987	43	1984	N.A.
1986	39	1983	37
1985	N.A.		

N.A. - Not available.

Sales and Earnings

	Net Sales	Net Income
1987	\$ 62,115,468	\$ 1,514,312
1986	57,239,905	714,670
1985*	48,531,601	847,578
1984	38,299,501	623,764
1983	36,365,990	144,022
	No. of Com. Shares #	Earn. per Share #
1987	1,040,670	\$ 1.46
1986	1,076,567	0.66
1985	1,124,987	0.75
1984	1,275,953	0.49
1983	1,297,711	0.11

* 53 weeks.

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	\$ 7,388,404	\$ 7.10
1986	6,151,718	5.71

1985	5,690,661	5.06
1984	5,052,566	3.96
1983	4,655,853	3.59

Based on the weighted average number of shares outstanding.

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 62,115,468	\$ 57,239,905
Cost of sales	31,824,148	31,026,246
Expenses	26,364,170	24,291,487
Depreciation & amortization	580,314	487,469
Interest expense	380,524	240,533
Income before taxes	\$ 2,966,312	\$ 1,194,170
Income taxes	1,452,000	479,500
Net Income	\$ 1,514,312	\$ 714,670

Assets

As of Jan.	1/31/87	2/1/86
Cash	\$ 1,550,150	\$ 447,916
Emp. advances & other receiv.	572,467	624,629
*Inventories	11,808,321	10,046,861
Prepaid expenses	597,467	810,405
Income taxes	—	61,037
Deferred income taxes	42,310	—
Current Assets	\$ 14,570,715	\$ 11,990,848
#Fixed assets	3,440,669	3,122,095
Other assets	356,103	329,603
Total Assets	\$ 18,367,487	\$ 15,442,546

Liabilities

Notes payable	\$ 2,013,000	\$ 1,939,000
Accts. payable	4,173,239	4,907,039
Accruals	1,767,660	1,283,320
Income taxes	1,049,170	—
Capital lease obligation	21,941	71,720
Deferred income taxes	—	103,332
Curr. Liabilities	\$ 9,025,010	\$ 8,304,411
Notes payable	1,400,000	225,000
Deferred inc. taxes	554,073	494,231
Capital lease obligation	—	3,925
Other liabilities	—	263,261
+ Common stock	18,789	18,789
Add. paid-in capital	936,629	936,629
Retained earnings	8,079,049	6,564,737
Treasury stock	(1,646,063)	(1,368,437)
Total Liabilities & Shareholders' Equity	\$ 18,367,487	\$ 15,442,546

* At lower of average cost or market, by the retail method.
Less accumulated depreciation & amortization.
+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.78	2.09
%Net Income to Sales	2.44	1.25
%Net Income to Equity	20.50	11.62
Sales to Inventories	5.26	5.70
Debt to Equity	0.19	0.37
Working Capital	\$5,545,705	\$3,686,437
Current Ratio	1.61	1.44
Shareholders' Equity	\$7,388,404	\$6,151,718

Crowley, Milner and Company

2301 West Lafayette
Detroit, Michigan 48216
(313) 962-2400

Officers: Robert B. Carlson, president & chief executive officer; Andrew J. Soffel, exec. v.p. & chief operating officer; Thomas E. Hoelscher, v.p.-stores; Joyce Harding, v.p. & general merchandise mgr.; Thomas C. McCracken, v.p.-operations; David Rogers, v.p.-human resources; Mark A. Vandenberg, treasurer & secretary.

Directors: Alfred M. Entenman, Jr., Richard S. Keys, Charles R. Montgomery, Norbert A. Sylvester*, Robert E. Winkel*, Robert B. Carlson*, Paul R. Trigg, Jr., Patricia Standart Morrison, Joseph C. Keys*, JoAnn Standart Cousino*.

* Member of the Executive Committee.

Business Activities: Operates stores in the Detroit metropolitan and suburban Flint, Michigan, areas, retailing medium and high quality men's, women's and children's apparel and accessories.

Transfer Agent(s):

Comerica Bank-Detroit
Detroit, Michigan

Stock Exchange(s): American

Ticker Symbol: COM

Number of Stores: (at fiscal year end)

1987	12	1984	9
1986	10	1983	10
1985	9		

Sales and Earnings

	Net Sales ‡	Net Income
1986	\$ 112,961,154	\$ 1,739,633
1985	104,087,278	1,815,000
1984	92,927,448	2,391,000
1983	84,499,601	1,802,000
1982	76,395,663	1,140,000
	No. of Com. Shares	Earn. per Share
1986	509,067	\$ 3.42
1985	509,067	3.57
1984	509,067	4.70
1983	509,067	3.54
1982	509,067	2.24

‡ Including sales of leased department.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.00	—	—
1985	1.25	—	—
1984	1.00	—	—
1983	0.73	—	—
1982	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 21,521,000	\$ 42.28
1985	20,290,000	39.86
1984	19,112,000	37.54
1983	17,230,000	33.85
1982	15,799,000	31.04

Income Account *

Year ended Jan. 31	1987	1986
Net sales	\$ 112,961,154	\$ 104,087,278
Other income	827,250	623,423
Total Income	\$ 113,788,404	\$ 104,710,701
Cost of sales	67,285,899	63,360,499
Expenses	41,109,565	35,978,795
Interest expense	1,796,768	1,658,951
Other charges	1,098,539	1,127,290
Income before taxes	\$ 2,497,633	\$ 2,585,166
Income taxes	758,000	770,000
Net Income	\$ 2,739,633	\$ 1,815,166

* Included in Costs and Expenses. Depreciation: \$2,445,764 in 1986 and \$2,160,287 in 1985.

Assets		
As of Jan. 31	1987	1986
Cash & short-term investments	\$ 4,236,896	\$ 6,858,942
Accts. receiv., net	952,360	848,604
*Inventories	18,441,061	16,861,449
Prepaid prop. taxes	1,235,251	933,858
Employee benefits	943,629	2,226,082
Other assets	1,330,821	903,784
Deferred income taxes	101,000	—
Current Assets	\$ 27,241,018	\$ 28,632,719
Fixed assets	25,257,448	24,505,656
Other assets	2,213,676	2,091,840
Total Assets	\$ 54,712,142	\$ 55,230,215

Liabilities		
Long-term debt, curr.	\$ 495,000	\$ 865,000
Cap. lease oblig., curr.	359,138	495,314
Property taxes	1,530,942	1,177,723
Accts. payable	8,958,497	9,348,968
Accrued payroll	1,106,284	1,358,244
Income taxes	1,111,396	1,026,601
Other taxes	596,554	443,697

Corr. Liabilities	\$ 14,157,811	\$ 14,715,547
Long-term debt	12,220,000	13,315,000
Cap. lease oblig.	4,208,476	4,987,908
Deferred inc. taxes	1,767,000	1,288,000
Other liabilities	838,029	633,500
+ Common stock	509,067	509,067
Add. paid-in capital	2,240,558	2,240,558
Retained earnings	18,771,201	17,540,635
Total Liabilities & Shareholders' Equity	\$ 54,712,142	\$ 55,230,215

* At lower of cost or market.
 # Less accumulated depreciation and amortization.
 + \$1 per value.

Statistical Summary

%Income bef. Taxes		
to Sales	2.27	2.48
%Net Income to Sales	1.54	1.74
%Net Income to Equity	8.08	8.95
Debt to Equity	0.57	0.97
Working Capital	\$13,083,207	\$13,917,172
Current Ratio	1.92	1.95
Shareholders' Equity	\$21,520,826	\$20,290,260

Crown American Corporation

131 Market Street
 Johnstown, Pennsylvania 15907
 (814) 536-4441

NOTE: Privately Held

Officers: (Hess's Department Stores, Inc.) Irwin Greenberg, president & chief exec. officer; Duane F. White, sr. v.p.-finance, treasurer & secretary; Stephen J. Furst, exec. v.p.-operations; Joseph Bigatel, sr. v.p. & general merchandise manager-men's, domestics & furniture; Larry Baughman, v.p. & div. merchandise mgr.-housewares; Fred Bentelspacher, sr. v.p., director of sales promotion & public relations; Howard Coleman, exec. v.p.-merchandising; Richard Kula, v.p. & director-management information systems; John Murphy, v.p. & director-planning & operations; Wolfgang Otto, v.p. & director-graphic communications; James Quigley, v.p. & director-distribution; Frank Stephens, v.p. & director-customer service; Robert Wells, v.p. & dir. of purchasing; Nick Baxevane, v.p. & gen. mdse. mgr.-children's, intimate apparel, women's accessories & cosmetics; Carol Clarke, v.p. & mdse. mgr.-intimate apparel; Dennis DeFrain, v.p. & gen. mdse. mgr.-electronics, leisure & housewares; Kenneth A. Hinkle, II, v.p.-budgets and controls; Richard Johnson, v.p. & div. mdse. mgr.-cosmetics; Adolf Klova, v.p.-dir. of advertising; Walter Loyte, v.p. & div. mdse. mgr.-boys' and young men's; Cindy Schneider, v.p. & mdse. mgr.-misses sportswear; John Bellotti, v.p. & reg. dir.-western Pennsylvania stores; William Jenkins, v.p. & dir.-data processing; Bruce Kratz, v.p. & dir.-personnel; Cal Matichak, v.p. & reg. dir.-

central Pennsylvania stores; James Miller, v.p. and asst. dir.-distribution; Scott Raturky, v.p. & reg. dir.-southern stores; Manny Stranos, v.p. & div. mdse. mgr.-furniture; Kathy Tyminski, v.p. & div. mdse. mgr.-Juniors.

Directors: (Crown American Corporation and Hess's Department Stores, Inc.) Frank J. Pasquerilla, chairman; Irwin Greenberg, Martin R. Havener, Fred Bentelspacher, Duane F. White, Nicholas O. Antoniazio, Joseph W. Bigatel, Stephen J. Furst, Mark E. Pasquerilla, Nicholas J. Pasquerilla, Thomas G. Fettsko, Howard Coleman, Paul K. Kiever.

Business Activities: Through its Hess's Department Stores, Inc. subsidiary, the Company operates full-line department stores in Pennsylvania, New York, Maryland, Virginia, and West Virginia. Also develops shopping centers and operates 12 hotels.

Subsidiary:

Hess's Department Stores, Inc.
 Hamilton Mall at Ninth Street
 Allentown, Pennsylvania 18101
 (215) 821-4377

Number of Stores: (at fiscal year end)

1986	43	1983	32
1985	40	1982	N.A.
1984	37		

N.A. - Not Available.

NOTE: The following statement of operations is for Hess's Department Stores and its subsidiaries.

Sales and Earnings

	Net Sales	Net Income
1987	\$ 367,545,000	\$ 15,822,000
1986	330,706,000	14,618,000
1985	273,590,000	11,651,000
1984	247,487,000	8,636,000

Income Account *
(000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 367,545	\$ 330,706
Cost of sales	270,703	241,438
Expenses	60,663	55,701
Interest expense	7,422	7,170
Interest income	(2,860)	(2,923)
Discount expense	5,996	6,384
Gain on sale of rl. est.	(898)	(272)
Income before taxes	26,519	23,208
Income taxes	10,697	8,590
Net Income	\$ 15,822	\$ 14,618

* Included in Costs and Expenses. Depreciation and Amortization: \$10,899,000 in 1987 and \$9,705,000 in 1986.

Assets		
(000's)		
As of Jan. 31	1987	1986
Cash	\$ 3,974	\$ 2,698
Short-term invest.	60,158	55,700
*Inventories	59,482	48,319
Prepaid expenses	3,801	2,678
Current Assets	\$ 127,415	\$ 109,395
Fixed assets	84,850	75,481
Other assets	1,094	1,241
Intangibles	1,255	1,315
Total Assets	\$ 214,617	\$ 187,432
Liabilities		
(000's)		
Long-term debt, curr.	\$ 6,725	\$ 5,654
Accts. payable	26,593	22,964
Co-worker compens.	2,658	2,304
Accruals	6,955	7,299
Income taxes	6,664	5,402
Current Liabilities	\$ 49,595	\$ 43,623

Long-term debt	62,298	57,451
Deferred inc. taxes	4,758	4,213
+ Common stock	1,460	1,460
Add. paid-in capital	8,517	8,518
Retained earnings	88,620	72,798
Treasury stock	(631)	(631)

Total Liabilities & Shareholders' Equity	\$ 214,617	\$ 187,432
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* At LIFO cost.
 # Less accumulated depreciation and amortization.
 + \$1 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	7.22	7.02
%Net Income to Sales	4.30	4.42
%Net Income to Equity	16.15	17.80
Sales to Inventories	6.18	6.84
Debt to Equity	0.70	0.77
Working Capital	\$77,820,000	\$65,770,000
Current Ratio	2.57	2.51
Shareholders' Equity	\$97,966,000	\$82,145,000

Crown Auto, Inc.

7550 Corporate Way
 Eden Prairie, Minnesota 55344
 (612) 937-9000

Mailing address:

P.O. Box 1217
 Minneapolis, Minnesota 55440

Officers: Floyd R. Adelman, president & chief exec. officer; Thomas A. Johnson, v.p.-finance; Mark J. Adelman, v.p.-human resources; Ted R. Manley, v.p.-marketing; Milo A. Bennett, assistant v.p.-data processing, planning & distribution; Israel E. Krawetz, secretary.

Directors: Amos Heilicher, Harry J. Jensen, Jr., Lloyd D. Berkus, Phillip J. Bifalk, Floyd Adelman, P. Robert Larson, James O. Ginther.

Business Activities: Operates a chain of retail automotive departments and stores, most with installation and service facilities. The stores operates under the name Crown Autos and are located primarily in Minnesota, with others in Wisconsin and North Dakota.

Subsidiaries:

Crown Auto Stores, Inc.
 7550 Corporate Way
 Eden Prairie, Minnesota 55344
 Operates retail automotive stores and service centers.

Transfer Agent(s):

First Bank Minneapolis
 Minneapolis, Minnesota

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CRNI (NASDAQ)

Number of Stores: (at fiscal year end)

1986	52	1983	50
1985	53	1982	46
1984	51		

Sales and Earnings

	Net Sales +	Net Income +
1986	\$ 36,768,644	\$ (170,177)
1985	36,133,330	105,090
1984	35,529,194	584,240
1983	32,972,138	707,538
1982	29,123,658	424,656
	No. of Com. Shares #	Earn. per Share 1#
1986	1,068,850	\$ —
1985	1,074,624	0.10
1984	1,070,915	0.55

Crown Auto, Inc.

1983	1,068,850	0.66
1982	1,357,197	0.31

(Loss)
 + Of continuing operations only.
 ‡ Including extraordinary gains of \$213,327 (\$0.20 per share) in 1984 and \$324,607 (\$0.30 per share) in 1983.
 § Based on the weighted average number of shares outstanding to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	3-for-2
1983	0.067	—	—
1982	0.033	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 3,872,883	\$ 3.62
1985	4,043,060	3.76
1984	3,937,970	3.68
1983	3,352,780	3.14
1982	2,716,507	2.00

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended	12/27/86	12/28/85
Net sales	\$ 36,768,644	\$ 36,133,330
Cost of sales	21,593,710	20,768,851
Expenses	13,618,376	13,714,660
Depreciation & amortization	1,018,064	949,938
Interest expense	886,671	893,897
Unusual item	—	(335,913)
Income (loss) bef. taxes	\$ (348,177)	\$ 141,867
Income credit	(178,000)	(148,000)
Inc. (loss)-cont. oper.	\$ (170,177)	\$ 289,867
Low-discount. oper.	—	(184,777)
Net Income (Loss)	\$ (170,177)	\$ 105,090

Assets

As of	12/27/86	12/28/85
Cash	\$ 196,065	\$ 319,612
Receiv., net	451,299	612,911
Refund in taxes	180,894	410,739
*Inventories	7,994,618	7,956,020
Prepaid expenses	297,853	226,122
Current Assets	\$ 9,120,729	\$ 9,525,404
†Fixed assets	7,313,425	7,299,958
Other assets	805,356	803,715
Total Assets	\$ 17,239,510	\$ 17,629,077

Liabilities

Notes payable	\$ 2,000,000	\$ 1,950,000
Long-term debt, curr. & cap. lease oblig.	717,970	692,994
Accts. payable	3,061,189	3,027,056
Accruals	843,378	1,166,631
Current Liabilities	\$ 6,622,537	\$ 6,836,681
Long-term debt	519,130	585,305
Deferred compensation	243,057	262,597
Cap. lease oblig.	5,981,903	5,901,434
+ Common stock	1,211,976	1,211,976
Retained earnings	2,660,907	2,831,084

Total Liabilities & Shareholders' Equity	\$ 17,239,510	\$ 17,629,077
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* At lower of cost (FIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	—
%Net Income to Sales	—	2.60
%Net Income to Equity	4.60	4.53
Sales to Inventories	0.13	2.26
Debt to Equity	\$2,498,192	\$2,688,723
Working Capital	1.38	1.39
Current Ratio	\$3,872,883	\$4,043,060
Shareholders' Equity		

Crown Books Corporation

3300 75th Avenue
 Landover, Maryland 20785
 (301) 731-1200

Officers: Herbert H. Haft, chairman of the board; Robert M. Haft, president & chief executive officer; Gloria G. Haft, secretary; Jennie Herrick, Jose Gonzalez, vice presidents; Richard J. Koll, treasurer.

Directors: Herbert H. Haft, chairman; Robert M. Haft, Gloria G. Haft, James G. Leonard.

Business Activities: Operates specialty retail books stores in the Washington, D.C., Chicago, Houston, Los Angeles, San Francisco, San Diego, and Seattle metropolitan areas, offering hardback books, paperbacks, magazines, and computer books and software generally below publishers' suggested retail prices.

Subsidiaries:

Crown Books East Corporation
 Crown Books West Corporation

Transfer Agent(s):

Riggs National Bank
 Washington, D.C.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CRWN (NASDAQ)

Number of Shares: (at fiscal year end)

1987	199	1984	158
1986	187	1983	114
1985	181		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 154,341,000	\$ 5,500,000
1986	137,245,000	6,680,000
1985	114,439,000	6,481,000
1984	91,360,000	4,867,000
1983	60,590,000	2,311,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987	6,258,000	\$ 0.88
1986	8,005,000	0.83
1985	8,000,000	0.81
1984	6,696,000	0.73
1983	5,500,000	0.42

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	0.25	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 48,911,000	\$ 7.82
1986	80,400,000	10.04

1985	73,720,000	9.22
1984	67,239,000	10.04
1983	4,701,000	0.85

§ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 154,341	\$ 137,245
Other income	3,112	6,115
Total income	\$ 157,453	\$ 143,360
Cost of sales	122,778	109,531
Expenses	20,325	18,544
Depreciation & amortization	2,257	1,951
Interest expense	1,183	1,142
Income bef. taxes	\$ 10,910	\$ 12,192
Income taxes	5,410	5,512
Net Income	\$ 5,500	\$ 6,680

Assets (000's)

As of Jan. 31	1987	1986
Cash	\$ 6,784	\$ 2,684
Market securities	37,102	64,664
Accts. receiv., net	2,121	2,470
Due from affil.	—	324
*Inventories	31,253	32,250
Other curr. assets	220	255
Current Assets	\$ 77,480	\$ 102,647
†Fixed assets	9,421	10,414
Other assets	155	167
Total Assets	\$ 87,056	\$ 113,228

Liabilities (000's)

Cap. lease oblig., curr.	\$ 2,438	\$ 2,125
Accts. payable	22,843	15,412
Accrued payroll	890	875
Accrued taxes	1,066	991
Other accruals	2,778	2,132
Due to affiliates	90	—
Income taxes	707	1,016
Deferred inc. taxes	805	1,347
Current Liabilities	\$ 31,617	\$ 23,898
Cap. lease oblig.	5,774	8,213
Deferred inc. taxes	754	717
+ Common stock	53	80
Add. paid-in capital	37,840	57,646
Retained earnings	11,018	22,674

Total Liabilities & Shareholders' Equity	\$ 87,056	\$ 113,228
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* At lower of cost (FIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.07	8.88
%Net Income to Sales	3.56	4.87
%Net Income to Equity	11.24	8.31
Sales to Inventories	4.94	4.26
Debt to Equity	0.17	0.13
Working Capital	\$45,863,000	\$78,749,000
Current Ratio	2.45	4.30
Shareholders' Equity	\$48,911,000	\$80,400,000

Crystal Brands, Inc.

Crystal Brands R.
Southport, Conn.
(203) 254-6200

Officers: Richard F. Kral, chairman of the board & chief executive officer; Gerald M. Chaney, v.p., controller & treasurer; Edward B. Deiley, v.p. & chief financial officer; Marvin Lord, president-Youthwear; Michael B. McLearn, v.p., general counsel & secretary; Charles J. Smith, president-Mens Apparel Group; Robert J. Wisner, president-Womens Apparel Group; Brian J. Tart, president-Accessories Group; James D. Wilson, v.p.-human resources; John Schofield, v.p.-worldwide sourcing; Theodore R. Voss, asst. gen. counsel & asst. secretary.

Directors: Richard F. Kral, chairman; John H. Mullin, III, E. Robert Kinney, Francis C. Rooney, Jr.

Business Activities: Operates 45 Fashion Flair retail stores that sell Izod and Lacoste discontinued apparel and excess inventory and out-of-season Ship'n Shore apparel. Also manufactures and markets men's, women's and children's apparel under the Izod, Lacoste, Ship'n Shore and Haymaker brands, and costume jewelry and accessories under the brand names Monet, Yves St. Laurent and Evoke.

Divisions and Subsidiaries:

Izod, Ltd. (men's, women's and children's sportswear)
Haymaker Sports, Inc. (women's sportswear)
Fashion Flair, Inc. (retail operations)

Ship'n Shore, Inc.
Bridgewater-at-Aston
Aston, Pennsylvania 19014
(215) 494-2000
Apparel for women.

Minter

P.O. Box 376
Murray Hill Station
New York, New York 10016
(212) 725-4700
Fashion jewelry.

Transfer Agent(s):

The Bank of New York
Stock Transfer Administration
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: CBR

Number of Stores: (at fiscal year end)

1986 45 1985 45

NOTE: Crystal Brands, Inc. was formerly the Fashion Group of General Mills, Inc. Effective Nov. 1, 1985, the Company became an independent publicly-owned corporation and ceased operating as a unit of General Mills.

Sales and Earnings

	Net Sales	Net Income
12/28/86*	\$ 223,252,000	\$ 643,000
5/25/86	395,035,000	2,385,000
5/26/85	481,930,000	(43,372,000)
5/27/84	514,955,000	12,741,000
5/29/83	545,394,000	36,657,000
	No. of Com. Shares ‡	Earn. per Share ‡
12/28/86*	8,958,098	\$ 0.07
5/25/86	8,953,887	0.27

(Loss)

* 7 months.

‡ Based on the weighted average number of common shares outstanding during the year.

Common Stock Equity

	Total Equity	Equity Per Share ‡
12/28/86	\$ 188,657,000	\$ 21.06
5/25/86	187,845,000	20.98

‡ Based on the weighted average number of common shares outstanding during the year.

Income Account *

Year ended	12/28/86	5/25/86 (7 months)
Net sales	\$ 223,252,000	\$ 395,035,000
Cost of sales	153,006,000	276,446,000
Expenses	64,571,000	109,306,000
Interest expense	3,224,000	5,735,000
Inc. before taxes	\$ 2,451,000	\$ 3,548,000
Income taxes	1,808,000	1,163,000
Net Income	\$ 643,000	\$ 2,385,000

* Included in Costs and Expenses, Depreciation and Amortization: \$4,910,000 in the period ending Dec. 28, 1986 and \$7,036,000 in the year ending May 25, 1986.

Assets
(000's)

As of	12/28/86	5/25/86
Cash	\$ 44,931	\$ 40,503
Accts. receiv., net	44,122	41,956
Deferred inc. taxes	10,376	9,455
*Inventories	97,755	102,990
Current Assets	197,184	194,904
*Fixed assets	56,985	55,671
Intangibles	38,744	39,103
Invest. & other assets	3,314	4,861
Total Assets	\$ 296,227	\$ 294,539

Liabilities
(000's)

Short-term debt & long-term debt, curr.	\$ 10,785	\$ 11,639
Accts. payable	29,366	27,733
Accruals	11,260	12,264
Prov. for deployment	1,160	1,267
Curr. Liabilities	\$ 52,571	\$ 52,903
Long-term debt	50,303	50,314
Deferred inc. taxes	3,844	3,237
Other liabilities	852	240
+ Common stock	185,950	185,696
Retained earnings	2,053	1,410
Cum. for. curr. adj.	654	739

Total Liabilities & Shareholders' Equity \$ 296,227 \$ 294,539

* At lower of cost (LIFO and FIFO) or market.

‡ Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.10	0.90
%Net Income to Sales	0.29	0.60
%Net Income to Equity	0.34	1.27
Sales to Inventories	2.28	3.84
Debt to Equity	0.32	0.33
Working Capital	\$144,613,000	\$142,001,000
Current Ratio	3.75	3.68
Shareholders' Equity	\$188,657,000	\$187,845,000

development; Houston E. Holmes, Jr., v.p., secretary & general counsel; J. Harold Berg, asst. secretary.

Directors: John S. Burns, Charles G. Cullum*, J. Harold Berg*, Jack W. Evans*, Earl A. Forsythe, W.R. Hawn, Mrs. Paul Middleton, Houston E. Holmes, Jr.*, J.T. Hairston, Jr.*, Mrs. Robert B. Cullum, Norman Brinker, Robert B. Cullum, Jr.*

* Member of the Executive Committee.

Business Activities: Operates a chain of supermarkets and drug stores in Texas under the names Tom Thumb Supermarkets and Page Drug Stores. Operates Grocery Supply Company stores in Nebraska, Kansas, Arkansas, Oklahoma and Missouri. Also operates wholesale food distributing companies and a meat packing firm.

Divisions and Subsidiaries:

Tom Thumb Stores, Inc.
Dallas, Texas
Operates supermarkets in Texas.

Page Drugs, Inc.
Dallas, Texas

Operates drug stores in the greater Dallas area; some are in combination with Tom Thumb food stores.

Grocery Supply Company
Omaha, Nebraska

Operates retail warehouse markets in Nebraska, Missouri, Kansas, Arkansas and Oklahoma.

Gonch Packing Company, Inc.
Abilene, Texas
Midland, Texas
Meat packing operations.

A.W. Cullum & Company
Dallas, Texas

Wholesale food distributor for the Dallas-Ft. Worth market.

Cullum Development Company
Dallas, Texas
Engages in real estate development.

Transfer Agent(s):

RepublicBank of Dallas
P.O. Box 2964
Dallas, Texas 75221

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CULL (NASDAQ)

Number of Stores: (at fiscal year end)

1986 77 1983 132
1985 83 1982 157
1984 122

Sales and Earnings

	Net Revenues	Net Income
1986	\$1,036,450,000	\$ 18,094,000
1985	1,171,691,000	17,225,000
1984	1,228,240,000	12,577,000
1983	1,126,638,000	13,854,000
1982	1,062,081,000	13,032,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	10,923,152	\$ 1.65
1985	10,921,225	1.57
1984	10,888,572	1.15
1983	5,439,338	1.27
1982	5,436,984	1.19

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.50	—	—
1985	0.42	—	4-for-3
1984	0.42	—	—
1983	0.37	—	2-for-1
1982	0.37	—	—

+ Adjusted to reflect stock splits.

Cullum Companies, Inc.

14303 Inwood Road
Dallas, Texas 75234
(214) 661-9700

Officers: Charles G. Cullum, chairman of the board; Jack W. Evans, president & chief executive officer; J.T. Hairston, Jr., exec. v.p. & chief operating officer; James E. Stiles, v.p. & chief financial officer; Robert B. Cullum, Jr., v.p.-corp. de-

Cullum Companies, Inc.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	\$ 119,029,000	\$ 10.90
1985	106,393,000	9.74
1984	93,702,000	8.61
1983	85,616,000	15.74
1982	75,809,000	13.94

‡ After allowing for preferred stock at liquidation value of \$24 per share.

† Adjusted to reflect stock splits.

Income Account *

Year ended	6/28/86	6/29/85
Net revenues	\$1,036,450,000	\$1,171,691,000
Cost of revenues	794,759,000	904,658,000
Expenses	206,741,000	229,791,000
Interest expense	4,306,000	6,798,000
Income before taxes	\$ 30,644,000	\$ 30,444,000
Income taxes	12,550,000	13,219,000
Net Income	\$ 18,094,000	\$ 17,225,000

* Included in Costs and Expenses, Depreciation and Amortization: \$17,504,000 in 1986 and \$17,732,000 in 1985.

Assets

As of	6/28/86	6/29/85
Cash	\$ 7,160,000	\$ 13,816,000
Accts. receiv., net	10,647,000	7,812,000
*Inventories	63,949,000	61,594,000
Prepaid expenses & other assets	4,091,000	1,712,000
Current Assets	\$ 87,847,000	\$ 84,934,000
Property, plant & equip., held for sale	—	7,871,000
Investments	2,815,000	2,916,000
Invest. in tax benefit lease	3,195,000	3,286,000
#Fixed assets	139,902,000	120,927,000
Other assets	6,688,000	7,811,000
Total Assets	\$ 240,447,000	\$ 227,745,000

Liabilities

Long-term debt, curr.	\$ 2,679,000	\$ 4,463,000
Accts. payable	37,458,000	34,990,000
Accruals	15,406,000	14,861,000
Fed. income tax	1,800,000	1,722,000
Curr. Liabilities	\$ 57,343,000	\$ 56,036,000
Long-term debt:		
Unsecured notes	20,851,000	19,498,000
Retail est. oblig.	8,720,000	9,756,000
Oblig. under cap. leases	16,576,000	19,893,000
Reserves	549,000	3,424,000
Deferred inc. taxes	17,330,000	33,000
+ Preferred stock	33,000	12,696,000
+ + Common stock	10,923,000	33,000
Add. paid-in capital	46,032,000	10,921,000
Retained earnings	62,090,000	46,008,000
	—	49,480,000
Total Liabilities & Shareholders' Equity	\$ 240,447,000	\$ 227,745,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$16 par value.

+ + \$1 par value.

Statistical Summary

%Income bef. Taxes to Revenues	2.96	2.60
%Net Income to Revenues	1.75	1.47
%Net Income to Equity	15.20	16.18
Debt to Equity	0.14	0.50
Working Capital	\$ 30,504,000	\$ 55,951,066
Current Ratio	1.53	1.52
Shareholders' Equity	\$119,078,000	\$106,442,000

CWT Specialty Stores Incorporated

505 Collins Street
South Attleboro, Massachusetts 02703
(617) 399-6000

Officers: Gerald A. Gura, chairman of the board, president & chief executive officer; John T. Magnarelli, executive v.p., treasurer & chief financial officer; Kathleen J. George, sr. v.p. & general merchandise manager; Herbert W. Swain, sr. v.p. store operations; Robert W. Evans, v.p. & controller; Thomas F. Augur, v.p. & sr. divisional merchandise manager; Arnold I. Baskin, Joan B. Karter, Gerald Norrow, v.p.'s & divisional merchandise managers.

Directors: Gerald A. Gura, chairman of the board; John T. Magnarelli, Marc C. Bergschneider, Robert M. Elliott, David R. Kiaris, Alton J. O'Neill, Peter W. Smith.

Business Activities: Operates a retail chain of 59 women's specialty stores, principally in Massachusetts, Rhode Island, Connecticut and New Hampshire, doing business as CWT/Cherry Webb & Touraine. These stores offer a full line of apparel and accessories for women 15 to 50 years of age.

Subsidiary:

Computerized Retail Systems, Inc. (50% owned)
Middletown, Connecticut

Provides substantially all the data processing and inventory control systems for CWT.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: CWTI (NASDAQ)

Number of Stores: (at fiscal year end)

1987	55	1984	42
1986	50	1983	41
1985	47		

NOTE: CWT Specialty Stores, Inc. was acquired by the Company on March 14, 1986. For financial reporting purposes, the effective date of the acquisition was determined to be Feb. 22, 1986. The Company's Income Statement is presented on a pro forma basis for the year ended Jan. 31, 1987, as if the acquisition occurred on Jan. 25, 1986.

Sales and Earnings

	Net Sales	Net Income †
1987 + *	\$ 111,628,000	\$ 2,936,000
1986#	95,708,000	6,152,000
1985#	80,467,000	4,524,000
1984#	70,091,000	4,833,000
1983#	59,539,000	1,421,000

No. of Com. Shares ‡

1987 + *	4,320,000	\$ 0.68
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+ Pro forma.

* 53 weeks.

Predecessor company.

† Including extraordinary gain of \$884,000 in 1984.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1987	1986
Misses	\$ 44,834	\$ 37,799
Juniors	25,723	21,684
Footwear	9,687	8,168
Cosmetics	8,871	7,307
Children's	4,345	3,897
Jewelry	4,201	3,486
Miscellaneous	13,967	13,367
Total	\$ 111,628	\$ 95,708

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 5,579,000	\$ 1.29
1986#	17,427,000	—

1985#	11,275,000	—
1984#	6,751,000	—
1983#	1,792,000	—

Predecessor company.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Jan. 31	1987 (11 months)
Net sales	\$ 106,549,000
Cost of sales	57,015,000
Expenses	33,473,000
Depreciation & amortization	1,754,000
Interest expense	5,897,000
Other expense	136,000
Income bef. taxes	\$ 8,274,000
Income taxes	4,695,000
Net Income	\$ 3,579,000

Assets

As of Jan. 31	1987
Cash	\$ 362,000
Accts. receiv., net	22,113,000
*Inventories	16,523,000
Prepaid expenses	1,404,000
Current Assets	\$ 40,402,000
#Fixed assets	9,598,000
Intangibles	22,860,000
Deferred debt issuance costs	2,376,000
Other assets	991,000
Total Assets	\$ 76,227,000

Liabilities

Long-term debt., curr.	\$ 343,000
Accts. payable	7,369,000
Accruals	7,036,000
Income taxes	2,773,000
Deferred income taxes	3,189,000
Curr. Liabilities	\$ 20,710,000
Long-term debt	49,325,000
Other liabilities	513,000
+ Common stock	43,000
Add. paid-in capital	1,957,000
Retained earnings	3,579,000
Total Liabilities & Shareholders' Equity	\$ 76,227,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.77
%Net Income to Sales	3.36
%Net Income to Equity	64.15
Sales to Inventories	6.45
Debt to Equity	8.90
Working Capital	\$19,692,000
Current Ratio	1.95
Shareholders' Equity	\$ 5,579,000

Cyclops Corporation

650 Washington Road
Pittsburgh, Pennsylvania 15228
(412) 343-4000

Officers: William H. Knoell, chairman & chief executive officer; James F. Will, president & chief operating officer; Barry H. Feinberg, v.p.-Retail Group & president-Silo Division; William D. Dickey, sr. v.p.; Robert A. Kushner, v.p..

Dairy Mart Convenience Stores, Inc.

general counsel & secretary; Joseph P. Enis, treasurer; Robert J. Tate, asst. secretary.

Directors: Howard J. Burnett, William D. Dickey, Thomas Phillips Johnson, William H. Knoell, H. Frederick Krimendahl, II, William E. Lieser, Konrad M. Weis, Howard M. Winterson, James F. Will.

Business Activities: Engaged in three major business lines: steel products-including specialty, carbon, galvanized, and silicon steels and tubular products; industrial and commercial construction products and services-including metal wall and roof systems; and specialty retailing.

Retail Divisions:

Busy Beaver Building Centers, Inc.
641 Alpha Drive
Pittsburgh, Pennsylvania 15238
(412) 963-1980

Busy Beaver supplies lumber, plumbing, electrical, hardware and a wide range of do-it yourself building products through a chain of 11 home-improvement centers in Pennsylvania and Ohio.

Silo Division
6900 Lindbergh Boulevard
Philadelphia, Pennsylvania 19142
(215) 365-2000

Retailer of home appliances, television sets, audio and video products, operating 119 stores in 17 states throughout the U.S.

Transfer Agent(s):

Mellon Bank, N.A.
Pittsburgh, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: CYL

Number of Stores: (at fiscal year end)

1986	130	1983	99
1985	122	1982	87
1984	107		

Sales and Earnings

	Net Sales	Net Income †
1986	\$1,440,867,000	\$ 21,266,000
1985	1,385,718,000	26,228,000
1984	1,271,593,000	18,434,000
1983	1,024,114,000	(2,190,000)
1982	873,165,000	(11,921,000)

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	3,988,666	\$ 5.26
1985	3,904,781	6.66
1984	3,762,432	4.82
1983	3,517,542	—
1982	3,442,448	—

(Loss)
† Including extraordinary gain of \$1,766,000 (\$0.46 per share) in 1985.

‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Steel prods.	\$ 743,967	\$ 763,112
Industrial & commercial construction prods. & serv.	172,549	136,245
Specialty retailing	546,211	510,026
Interseg. sales	(21,860)	(23,665)
Total	\$ 1,440,867	\$ 1,385,718

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.10	—	—
1985	1.10	—	—
1984	1.10	—	—
1983	1.10	—	—
1982	1.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 233,515,000	\$ 57.52
1985	212,809,000	54.58
1984	188,500,000	49.67
1983	167,157,000	47.52
1982	170,288,000	49.47

‡ After allowing for preferred stock at involuntary liquidation preference.

Income Account

Year ended Dec. 31	1986	1985
Net sales	\$ 1,440,867	\$ 1,385,718
Cost of sales	1,223,995	1,170,100
Expenses	140,556	142,322
Depreciation	18,078	17,496
Interest expense	1,282	9,604
Write-down of oil & gas assets	12,050	—
Dinestiture costs	8,473	—

Income before taxes	\$ 36,433	\$ 46,196
Income taxes	15,167	21,734

Net Income	\$ 21,266	\$ 24,462
Extraord. gain	—	1,766

Net Income & extraord. gain	\$ 21,266	\$ 26,228
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Assets

As of Dec. 31	1986	1985
Receivables, net	\$ 156,982	\$ 145,877
*Inventories	229,653	217,676
Prepaid expenses & income taxes	7,937	6,775
Current Assets	\$ 394,572	\$ 370,328
#Fixed assets	170,758	169,920
Other assets	13,233	7,492
Total Assets	\$ 578,563	\$ 547,740

Liabilities

	1986	1985
Short-term loans	\$ 2,921	\$ 19,696
Long-term debt, curr.	993	1,720
Accts. payable	96,568	85,293
Emp. costs	64,789	64,128
Taxes	12,953	12,119
Def. serv. rev.	12,043	10,279
Billings on uncompleted contracts	14,206	8,173
Other liabilities	25,846	21,265

Curr. Liabilities	\$ 230,319	\$ 222,673
Long-term debt	55,637	46,878
Deferred inc. taxes	18,495	19,683
Exc. of vested pension ben.	6,763	7,042
Liab. resulting from discount. oper.	27,476	29,427
Def. serv. revenue	6,358	5,592
+ Preferred stock:		
Series A	—	17
Series B	—	86
+ Common stock	4,360	4,201
Add. paid-in capital	46,305	46,109
Retained earnings	189,851	173,066
Treasury stock	(7,001)	(7,034)
Total Liabilities & Shareholders' Equity	\$ 578,563	\$ 547,740

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	2.53	3.33
%Net Income to Sales	1.48	1.77

%Net Income to Equity	9.11	11.30
Sales to Inventories	6.27	6.37
Debt to Equity	0.24	0.32
Working Capital	\$164,253,000	\$147,655,000
Current Ratio	1.71	1.66
Shareholders' Equity	\$233,515,000	\$216,445,000

Dairy Mart Convenience Stores, Inc.

240 South Road
Enfield, Connecticut 06082
(203) 741-3611

Officers: Charles Nirenberg, chairman, chief exec. & operating officer & president; Lawrence D. Handler, exec. v.p. & chief financial officer; Steven J. Montgomery, v.p.-operations; Thomas A. Chicoine, v.p.-manufacturing & distribution; Frank Colacino, v.p.-corp. development; Robert T. Johnson, v.p.-administration; Mitchell J. Kupperman, v.p.-human resources.

Directors: Charles Nirenberg, chairman; Stanford N. Goldman, Jr., Janet Nirenberg, Frank W. Barrett, Lawrence D. Handler, Theodore W. Leed, Steven J. Montgomery.

Business Activities: Operates 1,207 convenience stores in 11 states, of which 791 stores are owned by the Company and 416 are franchised.

Divisions and Subsidiaries:

Dairy Mart, Inc.
Enfield, Connecticut
Operates 202 convenience stores in the East.

Lawsons Division
Cuyahoga Falls, Ohio
Operates 720 convenience stores in the Midwest.

CONNA Division
Louisville, Kentucky
Operates 285 convenience stores and 270 gas stations.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DMCVA (Class A), DMCVB (Class B) (NASDAQ)

Number of Stores*

1987	1,207	1986	933
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* Includes franchised stores.

Sales and Earnings

	Net Sales	Net Income
1987	\$ 399,006,000	\$ (3,516,000)
1986	257,666,000	2,217,000
1985	72,622,000	1,292,000
1984	63,492,000	1,022,000
1983	42,507,000	439,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	4,593,000	\$ —
1986	3,137,000	0.71
1985	2,566,000	0.50
1984	2,192,000	0.47
1983	1,752,000	0.25

(Loss)

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	10%	—

Dairy Mart Convenience Stores, Inc.

1985	—	10%	—
1984	—	100%	—
Common Stock Equity			
	Total Equity	Equity Per Share ‡	
1987	\$ 26,724,000	\$ 5.82	
1986	29,634,000	9.45	
1985	6,794,000	2.65	
1984	5,830,000	2.66	
1983	2,500,000	1.43	

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account		
Year ended Jan. 31	1987	1986
Net sales	\$ 399,006,007	\$ 257,665,512
Cost of sales	284,119,657	180,852,129
Expenses	108,801,739	68,484,790
Interest expense	6,944,507	4,384,555
Interest income	(384,937)	(497,420)
Writedown of carrying value	439,652	150,000
Gain on sale of prop.	(164,876)	(30,749)
Other expense	3,300,000	677,612
Income (loss) before taxes	\$ (4,049,735)	\$ 3,644,595
Income taxes (credit)	(534,000)	1,428,000
Net Income (Loss)	\$ (3,515,735)	\$ 2,216,595

* Included in Costs and Expenses, Depreciation and Amortization: \$8,200,489 in 1987 and \$4,837,257 in 1986.

Assets		
As of Jan. 31	1987	1986
Cash	\$ 5,821,051	\$ 1,670,519
Marketable securities	4,262,850	—
Accts. receiv., net	6,491,964	6,490,500
*Inventories	27,368,915	25,888,917
Prepaid expenses	2,160,658	1,247,914
Invest. in direct fin. subsidiaries	358,700	—
Current Assets	\$ 46,464,138	\$ 35,297,850
Investment in market secur.	—	4,769,439
#Fixed assets	65,473,703	49,927,707
Other assets	34,603,982	17,318,419
Total Assets	\$ 146,541,823	\$ 107,313,415
Liabilities		
Long-term debt, curr. Cap. lease oblig., curr.	\$ 12,075,068	\$ 2,077,273
Accts. payable	824,382	291,457
Accruals	22,859,213	24,176,475
	9,329,746	7,270,573
Curr. Liabilities	\$ 45,088,409	\$ 33,815,778
Long-term debt	64,418,000	39,284,997
Cap. lease oblig.	5,730,169	2,570,501
Reserve for pension withdrawal liab.	3,300,000	—
Other liabilities	985,880	619,356
Deferred inc. taxes	295,800	1,388,800
+ Common stock	46,534	45,902
Add. paid-in capital	25,623,975	25,195,806
Unreal. deprec. on invest. in secur.	—	(176,508)
Retained earnings	1,112,550	4,628,285
Treasury stock	(59,502)	(59,502)
Total Liabilities & Shareholders' Equity	\$ 146,541,823	\$ 107,313,415

* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary		
%Income bef. Taxes to Sales	—	1.41
%Net Income to Sales	—	0.86

%Net Income to Equity	—	7.48
Sales to Inventories	14.58	9.95
Debt to Equity	3.11	1.49
Working Capital	\$ 1,375,729	\$ 1,482,072
Current Ratio	1.03	1.04
Shareholders' Equity	\$26,723,557	\$29,633,983

Danners, Inc.

800 East Main Street
P.O. Box 2010
Sanford, North Carolina 27330
(919) 776-7611

Officers: Fred W. Concklin, chairman & chief executive officer; C. David Birdwell, president & chief operating officer; C. Wilson Sawyer, executive v.p.; Sharon L. Ferrell, sr. v.p.-finance, chief financial officer, secretary & treasurer; Robert C. Bolsinger, v.p.-finance & controller.

Directors: Fred W. Concklin, chairman of the board; C. David Birdwell, Robert H. Reynolds, Eric A. Schwartz, Michael L. Schwartz, L. Gene Tanner.

Business Activities: Operates a chain of eighteen 3D Discount Department Stores in Indiana and Michigan.

Divisions and Subsidiaries:

3D Discount Store Division
Damax International, Inc.
DRE, Inc.

Transfer Agent(s):

Bank One, Indianapolis, N.A.
Indianapolis, Indiana

The First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DNNR (NASDAQ)

Number of Stores: (at fiscal year end)

	Discount Stores	Variety Stores	Restau- rants	FSC Stores
1986	18	—	—	—
1985	36	—	—	—
1984	35	12	13	7
1983	35	12	21	—
1982	35	23	17	—

Sales and Earnings ×

	Net Sales	Net Income
1986	\$ 149,718,000	\$ (19,118,000)
1985	171,313,000	(365,000)
1984*	189,022,000	(302,000)
1983	166,065,899	(728,000)
1982	163,217,583	742,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	488,295	\$ —
1985	488,295	—
1984*	488,295	—
1983	488,295	—
1982	488,295	1.52

(Loss)

* 53 weeks.

× Restated to reflect change in inventory cost method from LIFO to FIFO.

‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1985	\$ —	—	—
1983	—	—	—

1984	0.20	—	—
1983	0.10	—	—
1982	0.20	—	—

Common Stock Equity ×

	Total Equity	Equity Per Share ‡
1986	\$ (3,646,000)	\$ —
1985	15,472,000	31.69
1984	15,837,000	32.43
1983	16,237,000	33.25
1982	17,014,000	34.84

(Deficiency)

× Restated.

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account

Year ended	1/31/87	2/1/86‡
Net sales	\$ 149,718,000	\$ 171,313,000
Other income	1,745,000	1,400,000
Gain (loss) on disposition	(1,976,000)	763,000
Total Income	\$ 149,487,000	\$ 173,476,000
Cost of sales	123,498,000	128,820,000
Expenses	32,879,000	38,841,000
Depreciation & amortization	1,867,000	2,214,000
Interest expense	3,184,000	3,972,000
Loss on dispos. of disc. div. units	7,138,000	—
Loss bef. taxes	\$ (19,079,000)	\$ (374,000)
Income taxes (credit)	39,000	(9,000)
Net Loss	\$ (19,118,000)	\$ (365,000)

Assets		
As of	1/31/87	2/1/86‡
Cash	\$ 284,000	\$ 1,145,000
*Inventories	11,847,000	37,539,000
Assets held for dispos.	4,265,000	—
Prepaid expenses	654,000	1,801,000
Current Assets	\$ 17,050,000	\$ 40,485,000
#Fixed assets	11,690,000	16,583,000
Other assets	2,888,000	5,641,000
Total Assets	\$ 31,628,000	\$ 62,709,000

Liabilities		
Notes payable	\$ 3,000,000	\$ —
Accts. payable	9,178,000	9,611,000
Accrued payroll	584,000	446,000
Other accruals	429,000	1,591,000
Local taxes	1,377,000	1,281,000
Income taxes	—	10,000
Long-term debt, curr.	1,919,000	978,000
Curr. Liabilities	\$ 16,487,000	\$ 13,917,000
Long-term debt	14,064,000	28,846,000
Cap. lease oblig.	4,025,000	4,474,000
Other debt	698,000	—
+ Common stock	1,748,000	1,748,000
Retained earnings (def.)	(5,394,000)	13,724,000
Total Liabilities & Shareholders' Equity	\$ 31,628,000	\$ 62,709,000

‡ Restated.

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

Sales to Inventories	12.64	4.50
Debt to Equity	—	2.22
Working Capital	\$ 563,000	\$26,568,000
Current Ratio	1.03	2.91
Shareholders' Equity (Deficiency)	\$(3,646,000)	\$15,472,000

Dart Group Corporation

(formerly Dart Drug Corporation)

3300 75th Avenue
Landover, Maryland 20785
(301) 731-1200

Officers: Herbert H. Haft, chairman of the board & chief executive officer; Robert M. Haft, president & chief operating officer; Ben Kovalsky, exec. v.p.; Richard J. Koll, exec. v.p. & chief financial officer; Linda G. Haft, v.p.; Gloria G. Haft, v.p.; Robert B. Hirsch, asst. secretary; Dennis N. Weiss, sr. v.p.-real estate; Daniel A. Garcia, Jr., v.p.-personnel; S. John Steines, v.p.-loss prevention; Arthur F. Trudel, v.p. & controller.

Directors: Herbert H. Haft, Gloria Haft, Robert Haft, Ben S. Kovalsky, Warren Tydings.

Business Activities: Operates retail discount auto parts stores through Trak Auto Corporation (a 66%-owned subsidiary), retail discount book stores through Crown Book Corporation (52% owned), and a financial business through Dart Group Financial Corporation.

Transfer Agent(s):

Riggs National Bank
Washington, D.C.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DARTA (NASDAQ)

Sales and Earnings

	Net Sales *	Net Income +
1987	\$ 367,401,000	\$ 35,985,000
1986	119,349,000	9,870,000
1985	90,225,000	82,322,000
1984	64,043,000	15,325,000
1983	48,502,000	17,412,000
	No. of Com. Shares †	Earn. per Share ‡
1987	1,723,580	\$ 16.43
1986	1,712,130	5.28
1985	1,703,915	45.15
1984	1,684,389	8.80
1983	1,656,851	10.37

* Of continuing operations only.

+ Including extraordinary gain of \$8,300,000 (\$4.94 per share) in 1983.

‡ Based on the weighted average number of Class A and Class B common stock outstanding.

† Class A and Class B common stock combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.13	—	—
1986	0.13	—	—
1985	0.13	—	—
1984	0.13	—	—
1983	0.13	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 243,290,000	\$ 141.15
1986	197,566,000	115.39
1985	187,576,000	110.09
1984	89,442,000	53.10
1983	47,892,000	28.91

‡ Based on Class A and Class B common stock combined.

Income Account (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 338,008	\$ 97,833
Inc. from bankers' accept.	10,563	7,315
Other income	18,830	14,201
Total income	\$ 367,401	\$ 119,349

Cost of sales	271,119	75,540
Expenses	62,165	22,271
Depreciation & amortization	4,978	1,189
Interest expense	36,357	12,738
Unusual items	(78,294)	(13,275)

Income before taxes	\$ 71,076	\$ 20,886
Income taxes	28,423	9,648
Min. interest in losses of purchased subsid.	(519)	—
Eq. in loss of affil.	—	1,098
Minority interest	7,187	270
Net Income	\$ 35,985	\$ 9,870

Assets (000's)

As of Jan. 31	1987	1986
Cash	\$ 16,911	\$ 2,611
Bankers' accept.	168,886	160,194
Market secur.	241,617	290,510
Accts. receiv., net	4,522	6,832
*Inventories	89,779	32,843
Other curr. assets	817	242
Current Assets	\$ 522,532	\$ 493,232
#Fixed assets	35,128	21,693
Share of eq. in Crown Books	—	8,737
Def. tax benefit	8,193	5,660
Intangibles	238	—
Other assets	1,017	755
Debtenture costs	2,866	5,333
Total Assets	\$ 569,974	\$ 535,410

Liabilities (000's)

Long-term debt, curr.	\$ 4	\$ 600
Accts. payable	62,664	16,818
Inc. taxes payable	15,285	6,710
Accrued payroll	9,220	2,342
Accrued taxes	3,231	956
Accrued interest	7,872	10,986
Other accruals	9,432	4,400
Oblig. under cap. leases, curr.	3,393	650
Deferred income taxes	383	—
Curr. Liabilities	\$ 111,484	\$ 43,462
Long-term debt	66	74
Subord. debent.	148,559	247,537
Oblig. under cap. leases	24,741	17,856
Share of deficit of Trak Auto	—	10,585
Minority interest	41,834	18,330
+ Common stock:		
Class A	1,623	1,612
Class B	303	303
At/d. paid-in capital	63,605	48,431
Retained earnings	179,508	148,969
Treasury stock	(1,749)	(1,749)
Total Liabilities & Shareholders' Equity	\$ 569,974	\$ 535,410

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	21.03	21.35
%Net Income to Sales	10.65	10.09
%Net Income to Equity	14.79	5.00
Sales to Inventories	3.76	2.98
Debt to Equity	0.07	0.10
Working Capital	\$411,048,000	\$449,770,000
Current Ratio	4.69	11.35
Shareholders' Equity	\$243,290,000	\$197,566,000

Dayton Hudson Corporation777 Nicollet Mall
Minneapolis, Minnesota 55402
(612) 370-6948

Officers: Kenneth A. Macke, chairman of the board & chief executive officer; Boake A. Sells, president & chief operating officer; Gerald R. Gallagher, vice chairman; James T. Hale, sr. v.p. & secretary; Edwin H. Wingate, Bruce G. Albright, Willard C. Shall, III, sr. v.p.'s; Peter Hutchinson, Ann H. Barkeley, Larry E. Carlson, Susan S. Boren, L. Fred Hamacher, Kathy Barnes Probelski, v.p.'s; Karol D. Emmertich, v.p. & treasurer; William E. Harder, v.p. & asst. secretary; William P. Hise, asst. secretary; James R. Eckmann, asst. treasurer.

Directors: Donald J. Hall, Kenneth A. Macke, Howard H. Kehrl, David T. McLaughlin, Bruce K. MacLaury, Roger L. Hale, Shirley Young, Rand V. Araskog, Robert A. Burnett, John A. Rollwager, Boake A. Sells, Betty Ruth Hollander, David T. Kearns.

Business Activities: Operates department stores, low margin stores, softline stores and specialty stores. These operations are located in 48 states, Washington, D.C. and Puerto Rico.

Divisions and Subsidiaries:**Department Stores**

Dayton Hudson Department Store Company

Minneapolis, Minnesota

Operates 37 department stores in the Midwest under the names "Hudson's" and "Dayton's."

Low Margin Stores

Target

777 Nicollet Mall

Minneapolis, Minnesota 55402

(612) 370-6073

Operates 246 stores located in 22 Midwestern and Western states.

Specialty Stores

Lechmere

88 1st Street

Cambridge, Massachusetts 02141

(617) 491-2000

Operates 17 stores in Massachusetts, New Hampshire, Connecticut, Georgia, Rhode Island, and New York.

Softlines Stores

Mervyn's

25001 Industrial Boulevard

Hayward, California 94545

(415) 785-8800

Operates 175 department stores offering nationally branded and private label apparel, accessories and household softgoods.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: DH

Number of Stores: (at fiscal year end)

	Dept. Stores	Target Stores	Specialty Stores	Mervyn's Stores
1986	37	246	17	175
1985	37	226	795	148
1984	36	215	759	126
1983	34	205	707	109
1982	34	167	668	92

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's) †
1987	\$ 9,259,100	\$ 310,000
1986	8,255,300	283,600
1985	7,519,200	259,300
1984	6,518,200	245,500
1983	5,286,400	206,700

Dayton Hudson Corporation

	No. of Com. Shares +	Earn. per Share +†
1987	97,300,000	\$ 3.19
1986	97,100,000	2.92
1985	96,900,000	2.68
1984*	96,600,000	2.54
1983	96,200,000	2.15

* 53 weeks.

† Of continuing operations only.

‡ Including extraordinary loss of \$32,300,000 in 1986.

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1987	1986
Department	\$ 1,566,300	\$ 1,447,900
Target	4,354,900	3,931,500
Lochmere	475,600	348,900
Mervyn's	2,862,300	2,527,000
Total	\$ 9,259,100	\$ 8,255,300

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.86	—	—
1986	0.785	—	—
1985	0.695	—	—
1984	0.625	—	2-for-1
1983	0.575	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share +
1987	\$ 2,179,500	\$ 22.38
1986	1,947,355	20.04
1985	1,736,502	17.90
1984	1,540,179	15.91
1983	1,348,763	13.98

+ Adjusted to reflect stock split.

Income Account (000's)

Year ended	1/31/87	2/1/86
Revenues	\$ 9,259,100	\$ 8,255,300
Cost of sales	6,705,200	5,908,300
Expenses	1,538,100	1,365,900
Depreciation	182,700	158,200
Rental expense	73,100	69,000
Interest exp.	117,500	99,800
Other taxes	148,300	136,300
Income before taxes	\$ 494,200	\$ 517,800
Income taxes	239,200	237,300
Inc.-cont. oper.	\$ 255,000	\$ 280,500
Inc.-discont. oper.	87,300	3,100
Net Income	\$ 342,300	\$ 283,600
Extraord. loss	(32,300)	—
Net Income & extraord. loss	\$ 310,000	\$ 283,600
Assets (000's)		
As of	1/31/87	2/1/86
Cash	\$ 64,800	\$ 83,400
Market. securities	159,000	96,400
Accts. receiv., net	1,052,500	1,050,800
*Inventories	1,312,500	1,150,000
†Cur. assets of discont. oper.	—	145,200
Other current assets	28,600	22,800
Current Assets	\$ 2,617,400	\$ 2,548,600

# Fixed assets	2,402,300	1,655,700
Leased prop. under cap. leases	114,900	114,700
Assets held for resale	100,500	—
Non-curr. assets of discont. segment	—	76,200
Other assets	46,900	22,300
Total Assets	\$ 5,282,000	\$ 4,417,500

Liabilities (000's)

Long-term debt, curr. & cap. lease oblig.	\$ 10,700	\$ 24,800
Accts. payable	841,900	657,000
Accruals	429,300	356,900
Income taxes	116,800	111,100
Deferred income taxes	25,900	174,100
Cur. liab. of discont. oper.	—	94,500
Cur. Liabilities	\$ 1,424,600	\$ 1,418,400
Long-term debt	1,244,900	794,500
Long-term cap. lease oblig.	131,600	128,100
Non-curr. liab. of discont. oper.	—	7,700
Deferred income taxes	301,400	121,400
+ Common stock	97,400	97,200
Add. paid-in capital	18,400	12,800
Retained earnings	2,063,700	1,837,400
Total Liabilities & Shareholders' Equity	\$ 5,282,000	\$ 4,417,500

* Using the retail inventory method (LIFO).

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Net Income to Equity	14.22	14.56
Sales to inventories	7.05	7.18
Debt to Equity	0.64	0.49
Working Capital	\$1,192,800,000	\$1,130,200,000
Current Ratio	1.84	1.80
Shareholders' Equity	\$2,179,500,000	\$1,947,400,000

Deb Shops, Inc.

9401 Blue Grass Road
Philadelphia, Pennsylvania 19114
(215) 676-6000

Officers: Marvin Rounick, president & chief exec. officer; Warren Weiner, exec. v.p., secretary & treasurer; Lester E. Wolser, v.p.-finance & chief financial officer; Barry Vesotsky, v.p.-merchandising; Traci Jan Morrow, v.p.-store operations; Leonard Reed, v.p.-operations; Crawford Grogan, v.p.-display; Marvin Waxman, controller.

Directors: Philip Rounick, Aaron Weiner, Marvin Rounick, Warren Weiner, Jack A. Rounick, Thomas J. Byrne, Jr.

Business Activities: Operates a chain of specialty apparel stores offering moderately priced, fashionable, coordinated sportswear, dresses, coats and accessories to the junior-sized female, in 31 states.

Transfer Agent(s):

Philadelphia National Bank
Philadelphia, Pennsylvania

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DEBS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	231	1984	161
1985	190		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 181,412,000	\$ 12,615,000
1986	147,104,000	10,350,000
1985	120,405,000	7,850,000
1984	95,514,000	7,504,000
1983	70,329,000	5,505,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	7,601,184	\$ 1.65
1986	7,530,817	1.37
1985	7,501,619	1.04
1984	7,518,441	0.99
1983	N.A.	0.72

N.A. - Not Available.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.275	—	—
1986	0.183	—	3-for-2
1985	0.133	—	—

Common Stock Equity

	Total Equity +	Equity Per Share ‡
1987	\$ 50,323,021	\$ 6.62
1986	39,126,126	5.18
1985	29,733,769	3.96
1984	22,938,500	3.05
1983	15,489,497	2.04

+ After allowing for preferred stock at par value.

‡ Adjusted to reflect stock split.

Income Account

Year ended	1987	1986
Jan. 31		
Net sales	\$ 181,411,550	\$ 147,104,401
Cost of sales	129,335,723	105,115,390
Expenses	27,127,118	21,649,065
Depreciation	2,257,014	1,921,065
Other income	(1,323,178)	(1,286,260)
Income before taxes	\$ 24,014,873	\$ 19,705,141
Income taxes	11,400,000	9,355,000
Net Income	\$ 12,614,873	\$ 10,350,141

Assets

As of Jan. 31	1987	1986
Cash	\$ 34,719,309	\$ 28,893,901
*Inventories	17,090,060	14,214,833
Prepaid expenses	3,495,849	2,453,525
Current Assets	\$ 55,305,218	\$ 45,562,259
†Fixed assets	17,129,897	14,347,491
Total Assets	\$ 72,435,115	\$ 59,909,750

Liabilities

Accts. payable	\$ 13,419,430	\$ 13,567,672
Accruals & taxes	2,678,104	2,215,043
Income taxes	3,973,692	2,960,041
Cur. Liabilities	\$ 20,071,226	\$ 18,742,756
Cap. lease oblig.	2,040,408	2,040,408
+ Preferred stock	460	460
+ + Common stock	76,204	75,793
Add. paid-in capital	2,157,638	1,282,634
Retained earnings	48,763,930	38,287,626
Treasury stock	(674,771)	(519,927)

Total Liabilities & Shareholders' Equity \$ 72,435,115 \$ 59,909,750

* At lower of cost (FIFO) or market.

† Less accumulated depreciation.

+ \$1 par value.

+ + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.24	13.40
%Net Income to Sales	6.95	7.04
%Net Income to Equity	25.07	26.45
Sales to Inventories	10.62	10.35
Debt to Equity	0.27	0.05
Working Capital	\$35,233,992	\$26,819,503
Current Ratio	2.76	2.43
Shareholders' Equity	\$50,323,481	\$39,126,586

Decor Corporation

1519 Alum Creek Drive South
Columbus, Ohio 43209
(614) 258-2871

Officers: Bob Binsky, chairman, president & chief exec. officer; Beatrice Binsky, exec. v.p. & secretary-treasurer; Michael A. Tracy, controller.

Directors: Bob Binsky, chairman; Beatrice Binsky, Harmon W. Beyer, Paul G. Craig, W. Arthur Cullman, John Kobacker, Martin J. Wahler.

Business Activities: Operates 49 graphic art stores and 30 card and gift stores in 18 states and the District of Columbia. The graphic art stores, which do business under the names "The Art Works" and "The Picture Show," sell fine art posters, graphic reproductions and original lithographs to retail customers. The card and gift stores, which do business under the name "Art Explosion," sell contemporary greeting cards, ceramics, fashion accessories, stuffed and inflatable animals, stationery products, and seasonal items.

Subsidiary:

Art Explosion, Inc.

Transfer Agent(s):

Ameritrust Company National Association
Cleveland, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DCOR (NASDAQ)

Number of Stores: (at fiscal year end)

1986	80	1983	14
1985	40	1982	11
1984	18		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 14,700,962	\$ 601,113
1985	6,230,696	319,882
1984	3,009,226	170,315
1983	2,282,570	169,329
1982	1,413,811	88,552

No. of Com. Shares ‡

1986	1,849,292	\$ 0.33
1985	1,454,206	0.22
1984	1,292,301	0.13
1983	1,080,000	0.16
1982	1,080,000	0.08

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.005	—	3-for-2
1985	—	—	—
1984	—	—	960-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 6,651,024	\$ 3.60
1985	3,038,120	2.09

1984	1,676,924	1.30
1983	360,211	0.33
1982	190,892	0.18

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended May 31	1986	1985
Net sales	\$ 14,700,962	\$ 6,230,696
Cost of sales	8,616,318	3,489,241
Store oper. expenses	3,517,782	1,555,202
Gen. & adm. expenses	1,399,184	732,286
Interest expense	114,387	112,559
Dividend income	(36,594)	(53,961)
Other income	(22,228)	(56,677)
Income before taxes	\$ 1,112,113	\$ 452,046
Income taxes	511,000	132,164
Net Income	\$ 601,113	\$ 319,882

* Included in Costs and Expenses, Depreciation and Amortization: \$488,331 in 1986 and \$255,100 in 1985.

Assets

As of May 31	1986	1985
Cash	\$ 125,818	\$ 70,932
Marketable securities	36,981	555,873
Accts. receiv., net	165,810	157,318
*Inventories	3,143,607	1,199,638
Prepaid expenses	367,294	87,716
Current Assets	\$ 3,839,510	\$ 2,071,477
#Fixed assets	3,543,939	2,071,480
Other assets	7,349	2,814
Intangibles	3,017,544	1,274,535
Total Assets	\$ 10,408,342	\$ 5,420,306

Liabilities

Accts. payable	\$ 972,561	\$ 261,631
Accrued payroll	117,611	65,105
Other accruals	464,255	204,507
Income taxes	31,165	29,114
Deferred income taxes	16,791	19,100
Curr. Liabilities	\$ 1,602,383	\$ 579,457
Long-term debt	1,904,979	1,624,500
Deferred inc. taxes	249,956	178,229
+ Common stock	19,707	15,240
Add. paid-in capital	5,202,715	2,182,572
Retained earnings	1,431,767	840,308
Treasury stock	3,165	—
Total Liabilities & Shareholders' Equity	\$ 10,408,342	\$ 5,420,306

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.56	7.26
%Net Income to Sales	4.09	5.13
%Net Income to Equity	9.04	10.53
Sales to Inventories	4.68	5.19
Debt to Equity	0.29	0.53
Working Capital	\$2,237,127	\$1,492,020
Current Ratio	2.40	3.57
Shareholders' Equity	\$6,651,024	\$3,038,120

Delchamps, Inc.

305 Delchamps Drive
P.O. Box 1668
Mobile, Alabama 36633
(205) 433-0431

Officers: A.F. Delchamps, Jr., chairman, president & chief exec. officer; Joel O. Swanson, v.p. & secretary; John F. Feagan, v.p.-finance & planning; James N. Giddeon, v.p.-merchandising; Walter M. Rhodes, v.p.-retailing & operations; John R. Delchamps, v.p.-real estate; John H. Holland, v.p. & controller; Donald A. Mathews, v.p.-distribution; Annie D. Moore, treasurer; O.H. Delchamps, Jr., chairman of the executive committee; O.H. Delchamps, Sr., vice chairman of the board.

Directors: A.F. Delchamps, Jr., chairman of the board; John A. Caddell, William W. Crawford, John R. Delchamps, O.H. Delchamps, Sr., O.H. Delchamps, Jr., T. Robert Fiddler, Annie D. Moore, Joel O. Swanson.

Business Activities: Operates 90 supermarkets in Alabama, Florida, Mississippi, and Louisiana.

Subsidiaries:

Supermarket Cigarette Sales, Inc.

Transfer Agent(s):

RepublicBank Dallas, N.A.
P.O. Box 2964
Dallas, Texas 75265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DLCH (NASDAQ)

Number of Stores: (at fiscal year end)

1986	90	1983	73
1985	85	1982	66
1984	78		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 688,632,000	\$ 8,004,000
1985	631,084,000	9,608,000
1984	587,506,000	8,514,000
1983	535,786,000	6,906,000
1982*	501,037,000	6,692,000

No. of Com. Shares ‡

1986	6,987,000	\$ 1.15
1985	6,994,000	1.37
1984	6,509,000	1.31
1983	5,896,000	1.17
1982*	5,781,000	1.16

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.21	—	—
1985	0.28	—	—
1984	0.32	—	8-for-1
1983	0.26	—	—
1982	0.26	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 72,187,000	\$ 0.21
1985	67,181,000	9.61
1984	59,532,000	9.15
1983	40,204,000	6.82
1982	34,007,000	5.88

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	6/28/86	6/29/85
Net sales	\$ 688,632,339	\$ 631,083,904
Cost of sales	541,183,148	496,138,016
Expenses	132,403,640	121,097,506
Interest expense	4,732,779	3,313,514

Delchamps, Inc.

Interest income	(2,125,248)	(2,580,991)
Loss on dispos. of prop.	365,973	914
Income before taxes	\$ 12,072,047	\$ 13,114,945
Income taxes	4,067,921	3,506,976
Net Income	\$ 8,004,126	\$ 9,607,969

* Included in Costs and Expenses, Depreciation and Amortization: \$9,606,668 in 1986 and \$8,312,377 in 1985.

Assets		
As of	6/28/86	6/29/85
Cash	\$ 5,219,839	\$ 2,961,120
Short-term invest.	28,737,613	30,700,668
Accts. receiv., net	2,650,689	1,862,682
Other receivables	1,795,875	676,987
*Inventories	47,470,626	42,350,209
Prepaid expenses	975,810	798,427
Current Assets	\$ 86,850,452	\$ 79,350,093
#Fixed assets	70,935,877	69,178,595
Deposits	790,684	641,434
Value of insur. policy	—	1,803,401
Other assets	640,246	709,716
Total Assets	\$ 159,217,259	\$ 151,683,239
Liabilities		
Cap. lease oblig., curr.	\$ 1,786,511	\$ 1,541,011
Long-term debt, curr.	182,516	166,409
Accts. payable	30,000,954	28,515,864
Accruals	13,331,740	12,272,669
Dividends payable	—	489,551
Income taxes	557,777	1,006,272
Curr. Liabilities	\$ 45,859,498	\$ 43,991,776
Cap. lease oblig.	24,092,191	25,337,957
Long-term debt	11,240,434	11,422,884
Deferred compensation	3,828,202	3,385,060
Deferred inc. taxes	2,010,254	364,294
+ Common stock	69,935	69,935
Add. paid-in capital	19,866,771	19,866,771
Retained earnings	53,780,036	47,244,562
Treasury stock	(1,530,062)	—
Total Liabilities & Shareholders' Equity	\$ 159,217,259	\$ 151,683,239

* At lower of cost (primarily LIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary		
%Income bef. Taxes to Sales	1.75	2.08
%Net Income to Sales	1.16	1.52
%Net Income to Equity	11.09	14.30
Sales to Inventories	14.51	14.90
Debt to Equity	0.52	0.57
Working Capital	\$40,990,954	\$35,358,317
Current Ratio	1.89	1.80
Shareholders' Equity	\$72,186,680	\$67,181,268

Designhouse International, Inc.

6348 Dawson Boulevard
Norcross, Georgia 30093
(404) 449-6636

Officers: Adrian C. Israel, chairman; Leonard Barkan, vice chairman & chief exec. officer; Salvatore F. Battinelli, president & chief operating officer; David A. DeBrook, v.p.; Arthur Lisler, v.p.-finance & treasurer.

Directors: Adrian C. Israel, chairman; Cecil Alexander, Leonard Barkan, Salvatore F. Battinelli, Barry W. Gray, David B. Kameron, Robert I. Paller.

Business Activities: Operates 26 furniture showrooms in the Southeast, featuring contemporary European designs for the home and office in the medium to upper-price range.

Division:
Designoffice
Commercial office furniture.

Transfer Agent(s):

Bank South, N.A.
Atlanta, Georgia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DNIN (NASDAQ)

Number of Stores: (at fiscal year end)			
1986	24	1983	16
1985	23	1982	12
1984	21		

Sales and Earnings			
	Net Sales	Net Income	
1986	\$ 20,849,000	\$	(1,702,000)
1985	20,626,000		(1,159,000)
1984	18,754,000		1,045,000
1983	12,891,000		606,000
1982	9,880,000		392,000
	No. of Com. Shares	Earnings per Share ‡	
1986	1,209,528	\$	—
1985	1,209,528		—
1984	1,209,528		0.98
1983	800,004		0.76
1982	800,004		0.49

(Loss)
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity			
	Total Equity	Equity Per Share	
1986	\$ 3,428,000	\$	2.83
1985	5,130,000		4.24
1984	6,289,000		5.20
1983	1,594,000		1.99
1982	988,000		1.23

Income Account			
Year ended	5/31/86	6/1/85	
Net sales	\$ 20,849,000	\$	20,626,000
Cost of sales	12,963,000		12,445,000
Expenses	9,633,000		9,687,000
Depreciation	446,000		438,000
Interest expense	307,000		180,000
Interest income	(83,000)		(91,000)
Store clos. costs	75,000		115,000
Other income	(126,000)		(40,000)
Loss before taxes	\$ (2,366,000)	\$	(2,108,000)
Tax credit	(664,000)		(949,000)
Net Loss	\$ (1,702,000)	\$	(1,159,000)

Assets			
As of	5/31/86	6/1/85	
Cash	\$ 390,000	\$	562,000
Accts. receiv., net	369,000		508,000
Refundable taxes	648,000		1,025,000
*Inventories	5,072,000		5,568,000
Prepaid expenses	214,000		145,000
Notes receivable	128,000		175,000
Current Assets	\$ 6,821,000	\$	7,983,000
Notes receivable	447,000		575,000
#Fixed assets	2,332,000		2,517,000
Other assets	113,000		101,000
Total Assets	\$ 9,713,000	\$	11,176,000

Liabilities			
Notes payable	\$ 2,316,000	\$	1,300,000
Long-term debt, curr.	247,000		140,000
Accts. payable	992,000		1,748,000
Customer deposits	555,000		758,000
Accruals	799,000		597,000
Curr. Liabilities	\$ 4,909,000	\$	4,543,000

Long-term debt	1,376,000	1,503,000
+ Common stock	121,000	121,000
Add. paid-in capital	3,506,000	3,506,000
Retained earnings (deficit)	(199,000)	1,503,000

Total Liabilities & Shareholders' Equity	\$ 9,713,000	\$ 11,176,000
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* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary		
Sales to Inventories	4.11	3.70
Debt to Equity	0.47	0.32
Working Capital	\$1,912,000	\$3,440,000
Current Ratio	1.39	1.76
Shareholders' Equity	\$3,428,000	\$5,130,000

Designs, Inc.

1244 Boylston Street
Chestnut Hill, Massachusetts 02167
(617) 739-6722

Officers: Calvin Margolis, chairman & chief executive officer; Stanley I. Berger, president & chief operating officer; Joel H. Reichman, executive v.p.; Robert M. Wolf, treasurer & chief financial officer; Feng-Yuan Chen, asst. treasurer & controller.

Directors: Calvin Margolis, chairman of the board; Stanley I. Berger, Joel H. Reichman, Robert M. Wolf, Max Coffman, James G. Groninger.

Business Activities: Operates a chain of 29 specialty retail stores in 11 eastern states. These stores sell exclusively Levi Strauss & Co., Inc. clothing and accessories and operate under the name "Designs exclusively Levi Strauss & Co."

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DESI (NASDAQ)

Number of Stores: (at fiscal year end)			
1987	27	1984	15
1986	18	1983	12
1985	17		

Sales and Earnings			
	Net Sales	Net Income ‡	
1987*	\$ 28,503,000	\$	2,929,000
1986	20,421,000		369,000
1985	16,945,000		323,000
1984	12,648,000		31,000
1983	11,408,000		329,000

	No. of Com. Shares	Earnings per Share ‡	
1987*	4,000,000	\$	0.40
1986	4,000,000		—
1985	4,000,000		—
1984	4,000,000		—

* 53 weeks.
+ Reflects a pro forma adjustment to federal income tax to show the provision for income taxes the Company would have made if it were not an S Corporation.
‡ Including extraordinary gain of \$13,000 in 1983.
‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity			
	Total Equity	Equity Per Share	
1987	\$ 3,663,000	\$	0.92
1986	2,450,000		0.61
1985	2,081,000		0.52
1984	1,757,000		0.44
1983	1,726,000		—

Dollar General Corporation

Income Account		
Year ended	1/31/87 (53 weeks)	1/25/86
Net sales	\$ 28,502,799	\$ 20,421,438
Cost of sales	17,519,604	12,669,262
Expenses	436,938	4,704,297
Depreciation & amortization	870,014	505,210
Executive bonus	—	1,600,000
Other income	(244,133)	(171,429)
Other expense	732,878	393,145
Income before taxes	\$ 3,187,498	\$ 720,953
Income taxes	258,559	351,952
Net Income	\$ 2,928,939	\$ 369,001
Assets		
As of	1/31/87	1/25/86
Cash	\$ 836,220	\$ 1,038,763
Accts. receiv., net	149,629	166,650
Due from rel. parties	—	880,662
Refundable taxes	—	395,543
*Inventories	6,140,833	3,793,863
Prepaid expenses	418,141	121,499
Current Assets	7,544,823	6,396,980
*Fixed assets	6,378,907	2,146,472
Other assets	336,886	149,978
Total Assets	\$ 14,260,616	\$ 8,693,430
Liabilities		
Long-term debt, curr.	\$ 1,158,252	\$ 375,000
Accts. payable	703,858	474,303
Accruals	611,234	515,776
Income taxes	189,520	—
Curr. Liabilities	\$ 2,662,864	\$ 1,365,079
Long-term debt	6,782,707	2,836,221
Subord. debt	1,151,954	1,957,978
Deferred inc. taxes	—	84,423
+ Common stock	40,000	40,000
Add. paid-in capital	1,291,498	1,291,498
Retained earnings	2,331,593	1,118,231
Total Liabilities & Shareholders' Equity	\$ 14,260,616	\$ 8,693,430

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary		
%Income bef. Taxes to Sales	11.18	3.53
%Net Income to Sales	10.28	1.81
%Net Income to Equity	79.96	15.06
Sales to Inventories	4.64	5.38
Debt to Equity	2.48	2.11
Working Capital	\$4,881,959	\$5,031,901
Current Ratio	2.83	4.69
Shareholders' Equity	\$3,663,091	\$2,449,729

Dillard Department Stores, Inc.

900 West Capitol Avenue
Little Rock, Arkansas 72201
(501) 376-5200

Mailing Address:
Post Office Box 486
Little Rock, Arkansas 72203

Officers: William Dillard, chairman of the board & chief exec. officer; William Dillard, II, president & chief operating officer; E. Ray Kemp, vice chairman of the board & chief administrative officer; Alex Dillard, Mike Dillard, exec. v.p.'s; J.K. Jameson, III, v.p. & secretary-treasurer; Don C. Bradley, G. Kent Burnett, Wynelle Chapman, Drue Corbuser, James E. Durr, Jr., Charles E. Franzke, John A. Franzke, Bernie Goldstein, T.R. Gastman, Louis V. McCaughy, C.F. Plunkett, J.B. Wilson, W.R. Appleby, Harry D. Passow, J.W. Sherburne, David M. Doub, Dick Roberds, Burt Squires, Jan E. Bolton,

Joe Brennan, A.B. Cannon, William Cummins, Charles A. Hobbs, Michael Bowen, Kathryn Mayes Hawker, M.E. Ritchie, Jr., Michael S. McNiff, Joseph W. Story, vice presidents.

Directors: William Dillard, chairman; John K. Riedy, Will D. Davis, William Dillard II, E. Ray Kemp, A.C.R. Dreesmann, Clarence Barksdale, Alexander Dillard, Calvin N. Clyde, Jr., Michael Dillard, Anne M. McCarthy, B. Finley Vinson, James D. Berry, G. Larry Kelley, William B. Harrison, Jr., John H. Johnson.

Business Activities: Operates department stores in Arkansas, Tennessee, Texas, New Mexico, Oklahoma, Missouri, Kansas, Louisiana, Nevada, Arizona and Illinois.

Transfer Agent(s):
Center Trust Company
St. Louis, Missouri

Stock Exchange(s): American

Ticker Symbol: DDSA

Number of Stores: (at fiscal year end)

1987	115	1984	66
1986	101	1983	65
1985	93		

Sales and Earnings			
	Net Sales ‡	Net Income	
1986	\$1,851,423,000	\$ 74,458,000	
1985	1,601,357,000	66,903,000	
1984*	1,277,380,000	49,558,000	
1983	847,485,000	34,139,000	
1982	711,323,000	21,956,000	
	No. of Com. Shares #	Earnings per Share #	
1986	31,692,698	\$ 2.35	
1985	29,206,490	2.29	
1984*	27,314,576	1.82	
1983	24,692,436	1.38	
1982	23,533,912	0.93	

* 53 weeks.

‡ Includes leased departments.

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend#	Stock Dividend	Stock Split
1986	\$0.12	—	—
1985	0.105	—	2-for-1
1984	0.0875	—	2-for-1
1983	0.075	—	—
1982	0.05	—	2-for-1

Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity +	Equity Per Share #
1986	\$ 556,177,000	\$ 17.55
1985	361,893,000	12.42
1984	297,913,000	10.24
1983	185,113,000	7.36
1982	136,851,000	5.81

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.
+ After allowing for preferred stock at par value.

Income Account		
Year ended	1/31/87	2/1/86
Net sales	\$1,851,423,000	\$1,601,357,000
Other income	71,664,000	59,506,000
Total income	\$1,923,087,000	\$1,660,863,000
Cost of sales	1,179,157,000	1,016,199,000
Expenses	476,642,000	412,222,000
Depreciation & amortization	51,295,000	39,917,000

Rentals	36,128,000	32,600,000
Interest & debt expenses	48,007,000	45,022,000
Income before taxes	\$ 131,858,000	\$ 114,903,000
Income taxes	57,400,000	48,000,000
Net Income	\$ 74,458,000	\$ 66,903,000

Assets		
As of	1/31/87	2/1/86
Cash	\$ 22,666,000	\$ 20,856,000
Accts. receiv., net	28,821,000	23,698,000
Other receiv.	195,745,000	56,972,000
*Inventories	385,509,000	305,781,000
Prepaid expenses & supplies	3,027,000	1,555,000
Current Assets	\$ 635,768,000	\$ 408,862,000
Investments & other assets	54,221,000	47,733,000
*Fixed assets	513,421,000	394,189,000
Building under cap. leases	9,945,000	10,817,000
Total Assets	\$1,213,355,000	\$ 861,601,000

Liabilities		
Long-term debt, curr.	\$ 22,067,000	\$ 19,266,000
Cap. lease oblig., curr.	981,000	899,000
Accts. payable & accruals	178,555,000	164,367,000
Income taxes	24,572,000	25,341,000
Deferred inc. taxes	62,956,000	51,770,000
Curr. Liabilities	\$ 289,131,000	\$ 261,643,000
Long-term debt	300,319,000	186,070,000
Cap. lease oblig.	13,695,000	14,676,000
Deferred inc. taxes	53,593,000	36,879,000
+ Preferred stock	440,000	440,000
+ + Common stock	40,329,000	36,575,000
Add. paid-in capital	219,666,000	99,774,000
Retained earnings	296,485,000	225,812,000
Treasury stock	(303)	(268,000)
Total Liabilities & Shareholders' Equity	\$1,213,355,000	\$ 861,601,000

* Lower of cost (LIFO) or market.

Less accumulated depreciation & amortization.

+ \$100 par value; 5% cumulative.

+ + No par value.

Statistical Summary		
%Income bef. Taxes to Sales	7.12	7.18
%Net Income to Sales	4.02	4.18
%Net Income to Equity	13.38	18.46
Sales to Inventories	4.80	5.24
Debt to Equity	0.54	0.61
Working Capital	\$346,637,000	\$147,219,000
Current Ratio	2.20	1.56
Shareholders' Equity	\$556,617,000	\$362,333,000

Dollar General Corporation

427 Beech Street
Scottsville, Kentucky 42164
(502) 237-5444

Officers: Cal Turner, chairman of the board; Cal Turner, Jr., president & chief exec. officer; Steve Turner, exec. v.p. & chief operating officer; Edward Burke, v.p.-finance; Bob Carpenter, v.p.-human resources; Jim Barton, v.p.-retail operations; Mike Haggard, v.p.-administration; Carol Harris, v.p.-marketing.

Directors: Cal Turner, Cal Turner, Jr., Robert C. Clinard, Hubert Craddock, Steve Turner, Lawrence A. Appleby, Edward Burke, Herb Wardlow.

Dollar General Corporation

Business Activities: Engaged in the sale of soft goods, housewares, health and beauty aids, and shoes through company-owned retail stores and at wholesale to affiliated retail stores. The company-owned stores are located in 23 states, with the strongest concentration in Florida, Kentucky and Tennessee. All are operated under the name "Dollar General Stores". Most of the 36 associated retail stores for which the company is wholesaler are operated pursuant to franchise agreements.

Transfer Agent(s):

Third National Bank
Stock Transfer Department
Second Floor
170 Fourth Avenue North
Nashville, Tennessee 37219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DOLR (NASDAQ)

Number of Stores: (at fiscal year end)

	Company Owned Units	Assoc. Stores
1986	1,303	36
1985	1,278	43
1984	1,080	48
1983	1,127	57
1982	823	60

Sales and Earnings

	Net Sales	Net Income
1986	\$ 564,782,000	\$ 4,318,000
1985	584,437,000	17,829,000
1984	480,514,000	20,598,000
1983	346,655,000	15,126,000
1982	290,069,000	11,333,000

	No. of Com. Shares +	Earn. per Share *
1986	18,821,000	\$ 0.23
1985	18,796,000	0.95
1984	18,782,000	0.10
1983	18,786,029	0.81
1982	18,743,437	0.60

+ Adjusted to reflect stock dividend and stock splits.

* Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.20	—	—
1985	0.20	—	6-for-5
1984	0.17	—	—
1983	0.13	—	2-for-1
1982	0.11	10%	2-for-1

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 108,789,000	\$ 5.78
1985	107,955,000	5.74
1984	93,916,000	5.00
1983	76,582,000	4.08
1982	63,825,000	3.41

‡ Adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 564,782,000	\$ 584,437,000
Cost of sales	409,416,000	411,904,000
Expenses	140,885,000	130,413,000
Interest expense	6,852,000	7,341,000
Income before taxes	\$ 7,629,000	\$ 34,779,000
Income taxes	3,311,000	16,950,000
Net Income	\$ 4,318,000	\$ 17,829,000

* Included in Costs and Expenses, Depreciation: \$5,900,000 in 1986 and \$4,501,000 in 1985.

	Assets	
As of Dec. 31	1986	1985
Cash & cash equiv.	\$ 5,189,000	\$ 6,833,000
*Inventories	183,921,000	178,156,000
Other assets	5,110,000	4,364,000
Current Assets	\$ 194,220,000	\$ 189,355,000
#Fixed assets	29,148,000	23,471,000
Other assets	9,020,000	14,740,000
Total Assets	\$ 232,388,000	\$ 227,566,000
	Liabilities	
Long-term debt, curr.	\$ 6,533,000	\$ 6,495,000
Accs. payable & accruals	57,028,000	38,560,000
Income taxes	1,662,000	5,138,000
Curr. Liabilities	\$ 65,223,000	\$ 50,193,000
Long-term obligations	52,258,000	64,265,000
Deferred inc. taxes + Common stock	6,118,000	5,153,000
Add. paid-in capital	11,070,000	11,070,000
Retained earnings	20,780,000	20,472,000
Treasury stock	79,371,000	78,814,000
	(2,432,000)	(2,401,000)
Total Liabilities & Shareholders' Equity	\$ 232,388,000	\$ 227,566,000

* At cost (LIFO) using the retail method, which is not in excess of market.

Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.25	5.95
%Net Income to Sales	0.76	3.05
%Net Income to Equity	3.97	16.52
Sales to Inventories	3.07	3.28
Debt to Equity	0.54	0.66
Working Capital	\$128,997,000	\$139,162,000
Current Ratio	2.98	3.77
Shareholders' Equity	\$108,789,000	\$107,955,000

The Dress Barn, Inc.

88 Hamilton Avenue
Stamford, Connecticut 06902
(203) 327-4242

Officers: Elliot S. Jaffe, chairman, president & chief exec. officer; Roslyn S. Jaffe, secretary & treasurer; Michael Palmer, v.p.-finance & asst. secretary; Burt Steinberg, v.p.-merchandising; Eric Hawn, v.p.-stores; Reid Hackney, controller; Charles Wichtendahl, dir. of operations; Arthur Ziluck, merchandise mgr.; Elise Jaffe, dir. of real estate.

Directors: Elliot S. Jaffe, chairman of the board; Roslyn S. Jaffe, Saul Kwartin, Lionel M. Levey, Michael Palmer, Burt Steinberg.

Business Activities: Operates a chain of off-price women's apparel stores in 24 states, principally under the name "Dress Barn."

Transfer Agent(s):

Midlantic National Bank
Metro Park Plaza
Edison, New Jersey 08818

Stock Exchange(s): Over-the-Counter

Ticker Symbol: DBRN (NASDAQ)

Number of Stores: (at fiscal year end)

1986	208	1983	70
1985	156	1982	49
1984	100		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 135,827,743	\$ 9,160,509
1985	103,015,625	5,303,250
1984	61,601,840	2,806,080
1983	43,704,612	1,675,400
1982	32,473,960	749,272
	No. of Com. Shares +	Earn. per Share ‡
1986	11,028,539	\$ 0.83
1985	11,000,953	0.48
1984	11,000,000	0.26
1983	10,240,000	0.16
1982	10,000,000	0.07

+ Adjusted to reflect stock splits.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	5-for-2
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 26,192,556	\$ 2.37
1985	16,732,762	1.52
1984	11,239,190	1.02
1983	8,293,610	0.81
1982	2,703,540	0.27

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account *

Year ended	7/26/86	7/27/85
Net sales	\$ 135,827,743	\$ 103,015,625
Cost of sales	83,261,792	65,109,932
Expenses	35,773,217	27,955,250
Interest income	(878,675)	(600,607)
Income before taxes	\$ 17,671,409	\$ 10,551,050
Income taxes	8,510,900	5,247,800
Net Income	\$ 9,160,509	\$ 5,303,250

* Included in Costs and Expenses, Depreciation and Amortization: \$1,278,261 in 1986 and \$891,534 in 1985.

Assets

As of	7/26/86	7/27/85
Cash & cash equiv.	\$ 7,637,278	\$ 3,412,717
Investments	8,570,696	4,117,229
Refundable taxes	—	44,518
* Inventories	17,032,591	13,268,200
Prepaid expenses	1,903,757	1,722,388
Current Assets	\$ 35,144,322	\$ 22,565,052
# Fixed assets	9,856,378	7,296,789
Other assets	481,376	337,678
Total Assets	\$ 45,482,076	\$ 30,199,519

Liabilities

Notes payable	\$ 25,000	\$ 25,000
Accts. payable	10,773,078	8,608,811
Accruals	4,403,297	2,622,036
Customer credits	794,936	750,137
Income taxes	1,652,736	—
Deferred income taxes	819,558	831,455

Curr. Liabilities	\$ 18,468,605	\$ 12,837,439
Long-term debt	25,000	50,000
Deferred inc. taxes	795,915	579,318
+ Common stock	553,911	220,370
Add. paid-in capital	4,116,952	4,151,208
Retained earnings	21,521,693	12,361,184

Total Liabilities & Shareholders' Equity	\$ 45,482,076	\$ 30,199,519
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* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.
+ \$0.05 per value.

Statistical Summary

%Income bef. Taxes to Sales	13.01	10.24
%Net Income to Sales	6.74	5.15
%Net Income to Equity	34.97	31.69
Sales to Inventories	7.97	7.76
Working Capital	\$16,675,717	\$ 9,727,613
Current Ratio	1.90	1.76
Shareholders' Equity	\$26,192,556	\$16,732,762

Dylex Limited

637 Lake Shore Boulevard West
Toronto, Ontario, M5V 1A8, Canada
(416) 591-7000

Officers: J. F. Kay, chairman of the board; Wilfred Posluns, president & chief exec. officer; Irving Posluns, exec. v.p. & treasurer; Kenneth Axelrod, v.p.-Manchester Clothing; Gordon Edelstone, v.p.-Tip Top; Irving Levine, v.p.-Fairweather; Sydney Loftus, v.p.-Dylex Real Estate; Paul Mancini, v.p.-Weston Apparel; Joel N. Cooper, v.p.-Braemar; Lionel Robins, v.p.-Fairweather; Harry Rosen, v.p.-Harry Rosen Men's Wear; Henry Zagdanski, v.p.-Nu Mode Dress; David Beiles, v.p.-Big Steel Man; Donald J. Evans, v.p.-Tip Top; Conrad LeDrew, v.p.-Big Steel Man; Mickey Maklin, v.p.-Thrifty's; Glenn A. Stonehouse, v.p.-Thrifty's; David Wolpin, v.p.-Big Steel Man; Jerome A. Corngold, v.p.-Tobias Kotzin; Gunter Leverenz, v.p.-distribution; Norman Shaw, v.p.-M.I.S.; Harry Steinberg, v.p.-Fairweather; Donald Williams, secretary.

Directors: Kenneth Axelrod, D.W. Casey, J.F. Kay, S.F. Kay, David Korn, Irving Levine, Sydney Loftus, Irving Posluns, Wilfred Posluns, Lionel Robins, Harry Rosen, S.M. Sigel, W.H. Singer, H.J. Stitt, Henry Zagdanski, A.H. Zaldin, Irving Teitelbaum, Richard Posluns, Gordon Edelstone, Donald J. Evans, Russell Jacobson, Donald A. Williams, Wendy Posluns.

Business Activities: Engaged in the specialty merchandising of apparel with women's, men's and family retail clothing stores located throughout Canada. Stores operate under such names as Fairweather, Big Steel Man, Braemar, Suzy Shier/L.A. Express, Tip Top, Harry Rosen, Thrifty's, T. Edwards, B.H. Emporium and Bi-Way. Manufactures women's and children's coats and dresses marketed under such brand names as "Young Canadian," "Thunder Bay," "Irving Posluns," "Pic Knit," and "Nu Mode." The Shoe Shoppe, in which Dylex has a 50% interest, operates free standing Rubys, Feathers, Fantasia and Diva shoe stores and shoe departments. Dylex holds a 50% interest in Town & Country, a chain of sports and casual women's wear stores, and a 50% interest in Drug World, which operates two drug stores in Ontario, Canada.

Retail Divisions and Subsidiaries:

B.H. Emporium Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Big Steel Man Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Braemar Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Fairweather
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Tip Top Tailors Division
637 Lakeshore Boulevard West
Toronto, Ontario, M5V 1A8

Suzy Shier Inc. (50.1% owned)
1604 St. Regis Boulevard
Dorval, Quebec, H9P 1H6

Bi-Way Stores Limited (100% owned)
115 Commander Blvd.
Scarborough, Ontario, M1S 3M7

Town & Country/Petites (50% owned)
4100 Weston Road
Toronto, Ontario, M9L 2Y6

Manchester Manufacturing Inc. (42% interest)
Bridge Street
Colebrook, New Hampshire 03576

NBO Stores Inc. (50% interest)
60 Enterprise Avenue
Secaucus, New Jersey 07094

Harry Rosen Inc. (51% owned)
111 Richmond Street West
Toronto, Ontario, M5H 2G4

Target Apparel Division (Integrated Manufacturing)
965 Weston Road
Toronto, Ontario, M6N 3R4

The Shoe Shoppe Limited (50% owned)
85 Scarsdale Road
Don Mills, Ontario, M3B 2R2

Thrifty Riding & Sport Shop Limited
637 Lakeshore Blvd. W.
Toronto, Ontario, M4V 1A8

Weston Apparel Manufacturing Division (Integrated Manufacturing)
965 Weston Road
Toronto, Ontario, M6N 3R4

Brooks Fashion Stores Inc. (48.5% interest)
370 Seventh Ave.
New York, N.Y. 10001

The Wet Seal Inc. (86.8% owned by Suzy Shier, Inc.)
1852 Kaiser
Irvine, California 92714

Club International, Inc.
Fox Valley Shopping Centre
Highway 59 & 65
Aurora, Illinois 60505

Foxmoor Chain (48.5% interest)
393 Manley Street
West Bridgewater, Mass. 02379

Drug World

T. Edwards (48.5% interest)

Transfer Agent(s):

The Royal Trust Company
Toronto, Ontario, Canada

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: DLX

Number of Stores: (at fiscal year end)

1986	2,822	1983	998
1985	2,680	1982	824
1984	2,500		

Sales and Earnings

	Net Sales (000's)	Net Income † (000's)
1986	\$ 1,208,600	\$ 25,118
1985	1,082,133	46,753
1984	926,676	41,196
1983	822,404	31,484
1982	549,127	17,273
	No. of Com. Shares ‡	Earn. per Share ‡
1986	48,047,000	\$ 0.51
1985	46,689,000	1.00
1984	46,689,000	0.88
1983	44,232,000	0.71
1982	35,856,000	0.48

† Before extraordinary items.

‡ Based on the average number of common shares and Class A shares combined adjusted to reflect stock dividend and stock split.

Revenues By Line of Business (000's)

	1986	1985
Retail	\$ 1,120,658	\$ 998,657
Fashion manufacturing	87,942	83,476
Total	\$ 1,208,600	\$ 1,082,133

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.20	—	—
1985	0.19	—	3-for-1
1984	0.17	—	—
1983	0.13	—	—
1982	0.09	100%	—

‡ On common shares and Class A shares; adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	\$ 336,617,000	\$ 7.01
1985	269,031,000	5.76
1984	225,636,000	4.83
1983	190,221,000	4.30
1982	110,627,000	3.09

‡ Based on the average number of common shares and Class A shares combined adjusted to reflect stock dividend and stock split.

Income Account (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 1,208,600	\$ 1,082,133
Cost of sales	1,091,415	967,217
Depreciation & amortization	24,782	20,362
Interest expense	15,382	8,996
Interest income	(7,559)	(4,847)
Income before taxes	\$ 84,580	\$ 90,405
Income taxes	42,513	42,701
Loss (income) from invest	13,615	(2,564)
Minority interest	3,334	3,515
Net Income	\$ 25,118	\$ 46,753
Extraord. gain	1,115	—
Net Income & extraord. gain	\$ 26,233	\$ 46,753

Assets (000's)

As of	1/31/87	2/1/86
Cash & short-term deposits	\$ 135,282	\$ 124,130
Accts. receiv., net	24,780	23,100
Sundry debtors	759	1,648
Inventories	144,711	135,331
Prepaid expenses	4,504	2,457
Current Assets	\$ 310,036	\$ 286,666
Investments	220,327	144,011
Fixed assets	67,892	52,288
Leased assets under cap. leases	64,551	58,670
Intangibles	13,572	13,950
Total Assets	\$ 676,378	\$ 555,585

Liabilities (000's)

Long-term debt, curr.	\$ 1,645	\$ 1,808
Accts. payable & accruals	117,050	109,570
Income & other taxes	23,959	15,637
Oblig. under cap. leases, curr.	14,104	11,942
Curr. Liabilities	\$ 156,758	\$ 138,957

Dylex Limited

Long-term debt	117,788	89,050
Oblig. under cap. leases	51,013	45,855
Minority interest	14,075	11,168
Deferred inc. taxes	127	1,524
+ Common stock	1,687	1,687
+ Class A stock	89,750	83,840
+ Class C stock	51,495	—
Add. paid-in capital	1,457	1,479
Ex. trans. adjust.	1,254	7,592
Retained earnings	190,974	174,433
Total Liabilities & Shareholders' Equity	\$ 676,378	\$ 555,585

* At lower of cost and net realizable value. Mfg. inventories at lower of cost (FIFO) and net realizable value.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	7.00	8.35
%Net Income to Sales	2.08	4.32
%Net Income to Equity	7.46	17.38
Sales to Inventories	8.35	8.00
Debt to Equity	0.55	0.55
Working Capital	\$153,278,000	\$147,709,000
Current Ratio	1.98	2.06
Shareholders' Equity	\$336,617,000	\$269,031,000

Eastman Kodak Company

343 State Street
Rochester, New York 14650
(716) 724-4000

Officers: Colby H. Chandler, chairman of the board & chief executive officer; Kay R. Whitmore, president; J. Phillip Samper, vice chairman; Dennis M. DeLeo, v.p. & director-corporate commercial affairs; David J. Metz, v.p. & dir. of corp. communications; Robert L. Long, v.p. & dir. of corp. planning; Toy F. Reid, exec. v.p. & gen. mgr.-Eastman Chemicals Div.; Leo J. Thomas, sr. v.p. & gen. mgr.-Life Sciences Div.; Cecil D. Quillen, Jr., sr. v.p. & general counsel; Andrew P. Donovan, secretary; Paul L. Smith, sr. v.p. & dir.-finance & adm.; Donald E. Snyder, treasurer; William L. Sutton, sr. v.p. & dir.-corp. relations; John R. McCarthy, v.p.-corp. relations; Lowrie G. Piercy, comptroller; Edwin P. Przybylowicz, sr. v.p. & dir.-research; William F. Fowle, sr. v.p. & gen. mgr.-mfg.; Frank Strong, group v.p. & gen. mgr.-diversified technologies; Lawrence J. Matteson, group v.p. & gen. mgr.-commercial and information systems; Wilbur J. Prezzano, group v.p. & gen. mgr.-photographic products; Cornelius J. Murphy, sr. v.p. & gen. mgr.-customer and marketing support operations.

Directors: Colby H. Chandler*, chairman; Walter A. Fallon, Juanita M. Kreps, Roger E. Anderson, Cecil D. Quillen, Jr., Charles T. Duncan, Toy F. Reid*, John G. Smale, William L. Sutton*, Kay R. Whitmore*, J. Phillip Samper*, David S. Saxon, Paul L. Smith*, John F. Burlingame.

* Member of the Executive Committee.

Business Activities: Develops, manufactures and markets still and motion picture cameras and projectors, lenses, microfilming units, and professional photographic equipment; photographic films, papers, plates and chemicals; business equipment and related products, including copier-duplicators; radiographic products; light-sensitive materials for scientific use, positive-working photoresists for fabricating circuit boards, duplicating plates for making negative copies of printed circuits; man-made fibers, industrial chemicals and plastics.

Through Fox Photo, Inc., the Company operates a chain of camera and photoprocessing-photo finishing stores under the name "Fox Photo."

Divisions and Subsidiaries:

Photographic and Information Management Division
Life Sciences Division
Bio-Products Division
Laboratory & Research Products Division
Pharmaceuticals Division
Clinical Products Division
Health Sciences Division
Mass Memory Division

Kodak Park Division
1669 Lake Avenue
Rochester, New York 14650
(716) 458-1000

Kodak Apparatus Division
901 Elm Grove Road
Rochester, New York 14650
(716) 724-4000

Business Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Motion Picture and Audiovisuals Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Consumer Products Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Graphics Imaging Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Photofinishing Systems Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Eastman Technology, Inc.
343 State Street
Rochester, New York 14650
(716) 724-4000

Professional Photography Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Customer Equipment Services Division
800 Lee Road
Rochester, New York 14650
(716) 458-6143

Eastman Chemicals Division
343 State Street
Rochester, New York 14650
(716) 724-4000

Arkansas Eastman Company
P.O. Box 2357
Batesville, Arkansas 72501
(501) 698-1811

Carolina Eastman Company
P.O. Box 1782
Columbia, South Carolina 29202
(803) 794-9200

Tennessee Eastman Kodak
P.O. Box 511
Kingsport, Tennessee 37662
(615) 246-2111

Texas Eastman Company
P.O. Box 7444
Longview, Texas 75601
(214) 757-6611

Eastman Gelatine Corporation
227 Washington Street
Peabody, Massachusetts 01960
(617) 531-1700

Atex, Inc.
Bedford, Massachusetts

Kodak Canada Inc.
3500 Eglinton Avenue West
Toronto, Ontario, M6M 1V3 Canada
(416) 766-8233

Kodak Limited
P.O. Box 66
Kodak House
Station Road, Hemel Hempstead
Hertfordshire, HP1 1JU, England

Kodak-Pathe S.A.
8-26 rue Villot
75008-Paris, Cedex 12
France

Kodak A.G.
Postfach 369
7000 Stuttgart 60, Germany

Kodak (Australasia) Pty. Ltd.
173-3058 Elizabeth Street
Coburg, Victoria, Australia

Kodak Brasileira C.I.L.
Av. Brigadier Faria Lima, 1815, 7th Floor
Caixa Postal 225
Sao Paulo, 01000 Brazil

Datatape Division
Manufactures high-technology digital & analog recording equipment.

Eastman Kodak International Sales Corporation
Torrey Pines Realty Company, Inc.
Garlic Development Corporation
Kodak Programs, Inc.
Cyclotomics, Inc.
Diconix, Inc.
Ektron Applied Imaging, Inc.
Qualis Photofinishing Company
Eastman Chemical Products, Inc.
Holston Defense Corporation
Mustang Pipeline Company
Pinto Pipeline Company of Texas
Kodak International Management Corp.
Kodak Processing Laboratory, Inc.
Eastman Kodak Communications, Inc.
Eastman Chemical International Ltd.
Eastman Chemical Brasileira Ltda.
Eastman Chemical International, A.G.
Ectona Fibres Limited
Kodak Argentina, Ltd.
American Photo, S.A.
Kodak Chilena S.A.F.
Foto Interamericana de Colombia, Ltd.
Kodak Mexicana, Ltd.
Kodak Panama, Ltd.
Kodak Export Limited
Laboratorios Kodak Limitada
Foto Interamericana de Peru, Ltd.
Kodak Caribbean, Limited
Kodak Uruguay, Ltd.
Foto Interamericana de Venezuela, S.A.

Verbatim Corporation
Manufacturer and marketer of flexible disks for use in computers and word processing systems.

Eikonix Corporation
Designs and manufactures digital image-processing equipment.

Acquisition(s):

Fox Photo, Inc.
8750 Tesoro Drive
San Antonio, Texas 78286
(512) 828-9111

Transfer Agent(s):

Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York, Midwest, Pacific, Boston, Philadelphia, Paris, London, Tokyo.

Ticker Symbol: EK

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986	\$ 11,550,000	\$ 374,000
1985	10,631,000	332,000
1984	10,600,000	923,000
1983	10,170,000	565,000
1982	10,815,000	1,162,000
	No. of Com. Shares +	Earn. per Share #
1986	225,800,000	\$ 1.66
1985	225,700,000	1.46
1984	233,400,000	3.80

1983	248,400,000	2.28
1982	248,300,000	4.75

+ Adjusted to reflect stock split.

Based on the average number of shares outstanding adjusted to reflect stock split.

	Common Stock		
	Cash Dividend +	Stock Dividend	Stock Split
1986	\$2.44	—	—
1985	2.43	—	3-for-2
1984	2.40	—	—
1983	2.37	—	—
1982	2.37	—	—

+ Adjusted to reflect stock split.

	Common Stock Equity	
	Total Equity (000's)	Equity Per Share #
1986	\$ 6,388,000	\$ 28.29
1985	6,562,000	29.07
1984	7,137,000	30.58
1983	7,520,000	30.27
1982	7,541,000	30.37

Adjusted to reflect stock split.

Year ended	Income Account *	
	12/28/86	12/29/85
Net sales	\$ 11,550,000	\$ 10,631,000
Cost of sales	7,613,000	7,129,000
Expenses	2,693,000	2,378,000
Unusual charges	520,000	563,000
Oper. profit	\$ 724,000	\$ 561,000
Investment income	129,000	129,000
Total	\$ 853,000	\$ 690,000
Interest exp.	200,000	183,000
Other expense (income)	55,000	(23,000)
Income before taxes	\$ 598,000	\$ 530,000
Income taxes	224,000	198,000
Net income	\$ 374,000	\$ 332,000

* Included in Costs and Expenses, Depreciation: \$975,000,000 in 1986 and \$838,000,000 in 1985.

As of	Assets (000's)	
	12/28/86	12/29/85
Cash	\$ 145,000	\$ 161,000
Marketable securities	868,000	652,000
Receiv., net	2,563,000	2,346,000
*Inventories	2,072,000	1,940,000
Deferred inc. taxes	348,000	397,000
Prepaid expenses	215,000	181,000
Current Assets	\$ 5,811,000	\$ 5,677,000
#Fixed assets	6,276,000	5,977,000
Other assets	815,000	488,000
Total Assets	\$ 12,902,000	\$ 12,142,000

	Liabilities (000's)	
	12/28/86	12/29/85
Payables	\$ 3,440,000	\$ 2,989,000
Dividends payable	142,000	180,000
Income & other taxes	209,000	156,000
Curr. Liabilities	\$ 3,791,000	\$ 3,325,000
Long-term borrowings	911,000	988,000
Other liabilities	603,000	219,000
Deferred inc. taxes	1,209,000	1,048,000
+ Common stock	622,000	621,000
Adpl. paid-in capital	314,000	312,000
Retained earnings	6,533,000	6,710,000
Treasury Stock	(1,081,000)	(1,081,000)
Total Liabilities & Shareholders' Equity	\$ 12,902,000	\$ 12,142,000

* At cost (LIFO) which is not in excess of market.

Less accumulated depreciation.

+ \$2.50 par value.

Statistical Summary		
%Income bef. Taxes to Sales	5.18	4.99
%Net Income to Sales	3.24	3.12
%Net Income to Equity	5.85	5.06
Sales to Inventories	5.57	5.48
Debt to Equity	0.14	0.15
Working Capital	\$2,020,000,000	\$2,352,000,000
Current Ratio	1.53	1.71
Shareholders' Equity	\$6,388,000,000	\$6,562,000,000

E&B Marine Inc.

201 Meadow Road
P.O. Box 747
Edison, New Jersey 08818
(201) 819-7400

Officers: Gerald Bench, chairman of the board, president & chief executive officer; Frederick H. Bond, Jr., executive v.p., chief financial officer & treasurer; Robert Defonte, sr. v.p. & secretary; Charles Goldberg, president-Goldbergs' Marine Distributors, Inc.; Maureen Mead, v.p. & asst. secretary; James P. Abel, v.p.-retail operations; Brian Dunn, v.p.-product management; Richard Goldberg, v.p.-marketing; Frank Vosburgh, Jr., v.p.-Bliss Marine; Daniel B. Morris, controller & asst. treasurer; John Benkovich, Susan Gerber, asst. controllers; Thomas Grabowski, director-security & retail audit; Rose Marie Hospodor, director-personnel; Jack Howie, director-real estate; Frank J. Larocca, director-management information systems; Mark Saide, director-mail order.

Directors: Gerald Bench, chairman of the board; Frederick H. Bond, Jr., Charles Goldberg, Robert Defonte, Robert Bench, Thomas M. Haythe, Peter L. Richard, Ronald P. Vogel, John H. Weiland.

Business Activities: Operates 31 retail outlets in nine eastern states. These outlets sell marine supplies and accessories, for the recreational boating market, and operate under the names E&B Marine, Bliss Marine, and Goldbergs' Marine. The Company also sells marine merchandise through direct mail.

Subsidiaries:

Goldbergs' Marine Distributors
James Bliss & Co., Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Co.
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): Over-the-Counter, Boston

Ticker Symbol: EBMI (NASDAQ)

Number of Stores: (at fiscal year end)

1986	31	1983	10
1985	25	1982	6
1984	15		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 80,524,000	\$ (1,661,000)
1985	56,374,000	1,301,000
1984	39,356,000	1,509,000
1983	31,312,000	1,896,000
1982	22,682,000	1,128,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,980,000	\$ —
1985	2,065,000	.63
1984	2,328,000	0.65
1983	2,038,000	0.93
1982	1,400,000	0.81

(Loss)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 10,467,000	\$ 5.29
1985	11,955,000	5.79
1984	14,843,000	6.38
1983	13,333,000	6.54
1982	1,666,000	1.19

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 80,523,859	\$ 56,374,200
Cost of sales	51,527,952	34,449,250
Expenses	29,730,418	18,415,312
Interest expense	2,151,089	958,705
Income (loss) before taxes	\$ (2,885,600)	\$ 2,550,933
Income taxes (credit)	(1,225,000)	1,250,000
Net Income (Loss)	\$ (1,660,600)	\$ 1,300,933

* Included in Costs and Expenses, Depreciation and Amortization: \$1,008,139 in 1986 and \$502,732 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 872,029	\$ 397,010
Accts. receiv., net	1,248,997	596,975
Receivable - profit-sharing plan	—	748,091
Refundable taxes	3,031,440	453,312
*Inventories	21,050,000	16,000,508
Prepaid expenses	1,394,211	596,950
Loans receivable	598,575	160,091
Current Assets	\$ 28,195,252	\$ 18,952,935
Notes receivable	750,000	1,150,000
#Fixed assets	4,965,808	3,598,758
Customer lists	4,034,775	251,800
Other assets	2,132,406	1,103,459
Intangibles	8,007,887	2,391,002
Total Assets	\$ 48,086,128	\$ 27,447,954

Liabilities

Notes payable	\$ 7,271,905	\$ 1,100,000
Long-term debt, curr.	1,506,884	2,041,446
Accts. payable & accruals	8,369,783	2,233,542
Curr. Liabilities	\$ 17,148,572	\$ 5,374,988
Convert. debentures	750,000	1,150,000
Long-term debt	19,548,602	8,909,953
Deferred inc. taxes	171,700	58,400
+ Common stock	23,156	23,082
Add. paid-in capital	10,002,963	9,918,546
Retained earnings	4,631,814	6,292,414
Treasury stock	(3,436,304)	(3,436,304)
Value assigned to unearned comp.	(754,375)	(843,125)
Total Liabilities & Shareholders' Equity	\$ 48,086,128	\$ 27,447,954

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	4.53
%Net Income to Sales	—	2.31
%Net Income to Equity	—	10.88
Sales to Inventories	3.83	3.52
Debt to Equity	2.71	1.01
Working Capital	\$11,046,680	\$13,577,947
Current Ratio	1.64	3.53
Shareholders' Equity	\$10,467,254	\$11,954,613

Edison Brothers Stores, Inc.

Edison Brothers Stores, Inc.

501 North Broadway
P.O. Box 14020
St. Louis, Missouri 63178
(314) 331-6000

Officers: Julian I. Edison, chairman of the board; Bernard A. Edison, president; Andrew E. Newman, exec. vice president; Eric P. Newman, exec. v.p. & secretary; Martin K. Sneider, exec. v.p.; vice presidents: G. Richard Oscarson-real estate; Bernard W. Colton-architecture & construction; Michael H. Freund-administration; Walter H. Heinecke-real estate; Arthur J. Hollenbach-traffic manager; George M. Spreiser-distribution centers; Surendra S. Singhvi-treasurer; Lee G. Weeks-corp. controller; Norman Gold-operating controller; M. Richard Wyman-corp. development; Frank P. Ricca, Jr.-real estate; Jerald M. Alton-assist. secretary; Dan Orlando-insurance; Thomas K. McCain-taxes; Joe C. Brown-real estate; Mark I. Litow-legal; Leonard Hubbard-personnel; Roger L. Kuehncke-information systems; Rodney F. Hill, Eric A. Freese-meier, James G. Furla, John P. Mathews, Alfred L. Cortopassi, William P. Mohr, Alan A. Sachs; Benjamin T. Allen, Judy Smith, William J. Young, Ted Mueller, Paul J. Goldak, Daren A. Arstein, Theodore E. Fanter, Thomas M. Feiner, Sharon Hesse, Mary Beth Tevis, Barbara Tucker, Kenneth C. Vaughn, assist. v.p.'s.

Directors: Irving Edison, Bernard A. Edison, Julian I. Edison, Eric P. Newman, Henry Kohn, Walter H. Heinecke, Lee G. Weeks, Andrew E. Newman, Darryl R. Francis, M. Richard Wyman, Martin Sneider, Harvey W. Rosen, Michael H. Freund, Peter J. Solomon.

Business Activities: Operates women's shoe stores under the names Chandlers, Bakers, Leeds, Burts, Sacha London and The Wild Pair; also operates leased shoe departments, Joan Bari Boutiques and Gussini shoe stores; and four chains of ready-to-wear clothing stores—Jeans West, Size 5-7-9 Shops, Fashion Conspiracy and Oak Tree.

Transfer Agent(s):
Mellon Securities Trust Company
New York, New York 10271

Stock Exchange(s): New York

Ticker Symbol: EBS

Number of Stores: (at fiscal year end)

	1986	1985	1984	1983	1982
	2,475	2,435	2,355	2,175	2,169

Sales and Earnings

	Net Sales	Net Income
1986	\$ 904,200,000	\$ 33,900,000
1985	808,380,000	27,000,000
1984	785,900,000	32,900,000
1983	781,700,000	48,900,000
1982	715,600,000	23,200,000
	No. of Com. Shares #	Earn. per Share #
1986	10,095,000	\$ 3.36
1985	10,145,000	2.66
1984	10,305,000	3.19
1983	10,831,000	4.51
1982	11,087,000	2.09

* 53 weeks.

Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.60	—	—
1985	1.60	—	—
1984	1.60	—	—
1983	1.48	—	—
1982	1.44	—	—

Common Stock Equity

	Total Equity	Equity Per Share \$
1986	\$ 224,900,000	\$ 22.28
1985	215,900,000	21.28

1984	282,600,000	27.42
1983	286,900,000	26.49
1982	259,400,000	23.40

‡ Based on the weighted average number of common shares outstanding.

Income Account * (000's)

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 904,200	\$ 808,300
Cost of sales	595,600	539,100
Expenses	254,600	228,800
Interest expense	6,300	3,900
Pension settlement gain	(14,700)	—
Gain on sale of rl. est.	—	(1,600)
Income before taxes	\$ 62,400	\$ 38,100
Income taxes	28,500	16,400
Inc. - cont. oper.	\$ 33,900	\$ 21,700
Inc. - discont. oper.	—	5,300
Net Income	\$ 33,900	\$ 27,000

* Included in Costs and Expenses, Depreciation and Amortization: \$24,700,000 in 1986 and \$22,600,000 in 1985.

Assets (000's)

As of	1/3/87	12/28/85
Cash & short-term invest.	\$ 80,400	\$ 47,700
*Inventories	118,600	129,500
Other curr. assets	17,700	12,500
Current Assets	\$ 216,700	\$ 189,700
#Fixed assets	173,600	173,400
Other assets	22,400	23,300
Prepaid pension expense	20,700	1,800
Total Assets	\$ 433,400	\$ 388,200

Liabilities (000's)

Long-term debt	\$ 2,100	\$ 1,300
Accts. payable	64,300	54,900
Payroll & vacations	11,600	10,100
Other accruals	5,700	4,800
Income taxes	5,200	2,300
Other taxes	12,700	10,500
Dividends payable	4,000	4,100
Curr. Liabilities	\$ 105,600	\$ 88,000
Long-term debt	66,100	66,700
Deferred inc. taxes & other credits	36,800	17,600
+ Common stock	10,000	10,200
Add. paid-in capital	—	400
Retained earnings	214,900	205,300
Total Liabilities & Shareholders' Equity	\$ 433,400	\$ 388,200

* 61% at lower of cost (principally average) or market; 39% based on the retail method.

Less accumulated depreciation & amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.90	—
%Net Income to Sales	3.75	—
%Net Income to Equity	15.07	12.51
Sales to Inventories	7.62	6.24
Debt to Equity	0.29	0.31
Working Capital	\$111,100,000	\$101,700,000
Current Ratio	2.05	2.16
Shareholders' Equity	\$224,900,000	\$215,900,000

The Elder-Beerman Stores Corp.

(The Company is in the process of considering a leveraged buyout proposal.)

3155 El-Bee Road
Dayton, Ohio 45439
(513) 296-2700

Officers: Max Gutmann, chairman of the board & chief executive officer; Charles M. Waldron, vice chairman, president & chief administrative officer; Herbert O. Glaser, exec. v.p.; Harry A. Jensen, secretary; Paul E. Lazorski, sr. v.p.-operations; Bernard Gutmann, sr. v.p. & chief exec. officer-Bee-Gee Shoe Division; Rafael Furst, sr. v.p. & treasurer; Kenneth R. Epstein, sr. v.p.-administration; C. Wayne Harris, sr. v.p.; David W. Lovejoy, sr. v.p. & controller; Leonard B. Peal, v.p.-cost & leased departments; Raymond Clayman, assist. secretary.

Directors: Max Gutmann*, Richard J. Jacob*, Robert A. Kerr*, Sidney S. Kahn, Charles M. Waldron, Barbara Beerman Weprin*, Leonard B. Peal, Raymond Clayman, Herbert O. Glaser, Mrs. Arthur Beerman.

* Member of the Executive Committee.

Business Activities: Operates department stores serving the Dayton, Cincinnati, and Toledo, Ohio, metropolitan areas under the Elder-Beerman name. Also operates shoe departments and shoe stores in Ohio, Indiana, Kentucky, West Virginia, and Texas under the name "El-Bee Shoe Outlet"; 102 specialty stores (Margo's) featuring women's sportswear, dresses and shoes in Texas, Oklahoma, New Mexico, Arkansas, Ohio, Kentucky, Illinois and West Virginia; and two furniture showrooms. The Company also operates a credit finance subsidiary, the El-Bee Chargin Corp.

Divisions and Subsidiaries:

The El-Bee Chargin Corp.
3155 El-Bee Road
Dayton, Ohio 45439

Margo's Division
3909 Live Oak Drive
Dallas, Texas 75204

The Bee-Gee Shoe Division
153 E. Helena Street
Dayton, Ohio 45404

Transfer Agent(s):

Bank One, N.A.
Dayton, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ELDR (NASDAQ)

Number of Stores: (at fiscal year end)

	Dept. Stores	Shoe Stores	Office Outfit	Furniture Showrooms	Specialty Stores
1986	25	108	—	2	102
1985	21	103	—	2	106
1984	21	88	3	2	92
1983	21	82	3	3	89
1982	20	74	3	3	67

Sales and Earnings

	Net Sales	Net Income \$
1986	\$ 352,183,000	\$ 10,011,000
1985*	311,926,000	7,254,000
1984	286,777,249	7,100,143
1983	262,455,000	1,762,034
1982	235,166,000	1,937,029
	No. of Com. Shares +	Earn. per Share \$
1986	3,550,090	\$ 2.82
1985*	3,546,176	2.04
1984	2,546,176	2.00
1983	2,546,176	0.50
1982	2,546,176	0.55

* 53 weeks.

‡ Including extraordinary gain of \$1,998,000 (\$0.56 per share) in 1986.

+ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.19	15%	—
1985	0.17	10%	—
1984	0.15	10%	—
1983	0.14	10%	—
1982	0.13	6%	—

† Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 60,849,000	\$ 17.14
1985	50,465,000	14.23
1984	43,835,000	12.36
1983	37,277,000	10.51
1982	36,004,000	10.15

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Income Account *
(000's)

Year ended	2/2/86	2/3/85
Net sales	\$ 352,183	\$ 311,926
Cost of sales	226,061	203,264
Expenses	75,712	65,659
Sales, salaries & comm.	28,150	25,443
Prov. for doubtful accts.	2,152	987
Interest expense	8,322	6,816
Other income	—	(1,177)
Income before taxes	\$ 11,786	\$ 10,934
Income taxes	3,773	3,680
Net Income	\$ 8,013	\$ 7,254
Extraord. gain	1,998	—
Net Income & extraord. gain	\$ 10,011	\$ 7,254

* Included in Costs and Expenses, Depreciation and Amortization: \$5,073,000 in 1986 and \$4,236,000 in 1985.

Assets
(000's)

As of	2/2/86	2/3/85
Cash	\$ 1,803	\$ 2,443
Accts. receiv., net	90,563	63,894
*Inventories	67,971	52,116
Prepaid expenses	2,534	2,042
Current Assets	\$ 162,871	\$ 120,495
#Fixed assets	41,758	23,588
Assets recorded under cap. leases	10,869	11,790
Other assets	3,927	1,516
Total Assets	\$ 219,425	\$ 157,389

Liabilities
(000's)

Revolv. credit agree.	\$ 42,800	\$ 23,400
Long-term debt, curr.	3,538	2,171
Bank note	3,000	—
Accts. payable	35,074	25,034
Accrued payroll	3,377	3,152
Deferred taxes	11,993	7,735
Current taxes	—	2,032
Other accruals	7,586	5,128
Curr. Liabilities	\$ 107,368	\$ 68,652
Long-term debt	51,208	38,272
+ Common stock	3,628	3,155
Add. paid-in capital	29,228	17,913
Retained earnings	28,143	29,695
Treasury stock	(150)	(298)
Total Liabilities & Shareholders' Equity	\$ 219,425	\$ 157,389

* At lower of cost or market.
Less accumulated depreciation.
+ \$1 stated value.

Statistical Summary

%Income bef. Taxes to Sales	3.35	3.51
%Net Income to Sales	2.28	2.33
%Net Income to Equity	13.17	14.37
Sales to Inventories	5.18	5.99
Debt to Equity	1.65	1.27
Working Capital	\$55,503,000	\$51,843,000
Current Ratio	1.52	1.76
Shareholders' Equity	\$60,849,000	\$50,465,000

Evans, Inc.

36 South State Street
Chicago, Illinois 60603
(312) 855-2000

Officers: David Meltzer, chairman and president; Harold Sussman, executive vice president; Robert K. Meltzer, sr. v.p.; Herbert S. Grant, v.p.-finance & treasurer; Robert Parraga, v.p.-personnel; Irving Karm, exec. v.p.-nat'l. operations; Robert R. Meltzer, v.p.-merchandising; Samuel B. Garber, v.p., secretary & general counsel; Fred Handel, exec. v.p.-general fur merchandising manager; Barry Novick, sr. v.p. & pres.-Fur Division; Robert LaBelle, v.p.-leased fur departments; Patricia Mechanic, v.p. & gen. merchandise mgr.-Apparel Division.

Directors: D.B. Meltzer, chairman; Miles L. Berger, Robert K. Meltzer, David B. Heller, Harold Sussman, Burton L. Gordon, Edmond D. Cicala.

Business Activities: Owns and operates 25 women's apparel stores specializing in furs. The stores are located in Illinois, Indiana, Colorado, Arizona, Texas, Louisiana, Oklahoma, Nevada, Maryland, Virginia, New York, and Washington, D.C. In addition, the company leases fur salons in 133 locations from 12 major department stores. The stores operate primarily under the names Evans, Koslow's and Rosendorf/ Evans.

Transfer Agent(s):

First National Bank of Chicago
Chicago, Illinois

Stock Exchange(s): Over-the Counter

Ticker Symbol: EVAN (NASDAQ)

Number of Stores: (at fiscal year end)

1986	25	1983	18
1985	22	1982	18
1984	18		

Sales and Earnings

	Net Sales ‡	Net Income
1987	\$ 156,635,000	\$ 2,090,000
1986	147,644,000	1,733,000
1985	145,658,000	5,658,000
1984	136,001,000	6,441,000
1983	109,774,000	3,233,000
	No. of Com. Shares #	Earn. per Share #
1987	4,518,213	\$ 0.46
1986	3,969,571	0.44
1985	4,567,050	1.24
1984	4,662,045	1.38
1983	4,175,073	0.77

‡ Includes service and other revenues.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$0.04	—	—
1986	0.03	—	9-for-1

1985	0.033	—	—
1984	0.033	—	—
1983	0.033	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	\$ 52,706,000	\$ 10.74
1986	37,277,000	9.44
1985	35,508,000	9.02
1984	34,069,000	7.23
1983	26,089,000	6.23

Adjusted to reflect stock split.

Income Account *
(000's)

Year ended	2/2/87	3/1/86
Net sales	\$ 142,121	\$ 134,376
Other income	14,514	13,268
Total income	\$ 156,635	\$ 147,644
Cost of sales	95,814	89,294
Expenses	52,810	48,642
Prov. for doubtful accts.	809	3,332
Interest expense	3,817	4,440
Other income	(9)	(941)
Income before taxes	\$ 4,354	\$ 2,877
Income taxes	2,264	1,144
Net Income	\$ 2,090	\$ 1,733

* Included in Costs and Expenses, Depreciation and Amortization: \$2,787,000 in 1987 and \$2,254,000 in 1986.

Assets
(000's)

As of	2/2/87	3/1/86
Cash	\$ 3,260	\$ 2,327
Cash investments	15,099	—
Receiv., net	32,722	30,905
*Inventories	29,256	27,986
Prepaid expenses	2,525	3,542
Current Assets	\$ 82,862	\$ 64,760
#Fixed assets	19,325	17,815
Other assets	3,896	3,763
Total Assets	\$ 106,083	\$ 86,338

Liabilities
(000's)

Notes payable - bank	\$ —	\$ 4,500
Long-term debt, curr.	2,252	2,306
Accts. payable	5,241	5,133
Accruals	9,213	9,835
Income taxes	2,312	4,698
Curr. Liabilities	\$ 19,018	\$ 26,472
Long-term debt	27,549	19,188
Deferred compensation	6,810	3,401
+ Common stock	1,267	1,087
Add. paid-in capital	15,508	2,413
Retained earnings	40,522	38,618
Treasury stock	(4,591)	(4,841)
Total Liabilities & Shareholders' Equity	\$ 106,083	\$ 86,338

* At lower of cost (invoice amount for furs & retail method) or market.

Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.06	2.14
%Net Income to Sales	1.47	1.29
%Net Income to Equity	3.97	4.65
Sales to Inventories	4.86	4.80
Debt to Equity	0.52	0.70

Evans, Inc.

Working Capital	\$63,844,000	\$38,288,000
Current Ratio	4.36	2.45
Shareholders' Equity	\$52,706,000	\$37,277,000

Fabric Wholesalers, Inc.

2035 N.E. 181st Avenue
Portland, Oregon 97230
(503) 666-4511

Officers: Tony J. Bosboom, president & chief executive officer; William E. Mahar, sr. vice president & asst. secretary; Jacques B. Nichols, treasurer & secretary; Jeffrey D. Boyd, v.p.-finance; Judith A. Bennett, v.p.-advertising; Raymond Cantu, v.p.-store installations; Ronald E. Westcott, v.p.-purchasing.

Directors: Tony J. Bosboom, Jacques B. Nichols, William E. Mahar.

Business Activities: Wholesalers and retailers of domestic and imported fabrics, sewing notions and trimmings. Operates stores in Oregon, Washington, Montana, Idaho and California under the Fabricland name.

Transfer Agent(s):

First Interstate Bank of Oregon
Portland, Oregon

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FBRC (NASDAQ)

Number of Stores: (at fiscal year end)

1986	58	1983	46
1985	53	1982	43
1984	49		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 47,189,880	\$ 1,664,244
1985	38,650,441	1,558,132
1984*	16,206,305	561,218
1983	28,557,773	1,164,867
1982	25,674,040	1,039,632

No. of Com. Shares ‡ Earn. per Share ‡

1986	2,557,535	\$ 0.65
1985	2,184,932	0.71
1984*	2,184,932	0.26
1983	2,184,934	0.53
1982	2,184,934	0.48

* 6 months.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.12	—	—
1985	0.10	—	2-for-1
1984	0.038	—	2-for-1
1983	0.069	0.05	—
1982	0.063	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share†
1986	\$ 12,945,676	\$ 5.06
1985	8,610,847	3.94
1984	7,271,208	3.33
1983	6,791,925	3.11
1982	5,777,272	2.64

† Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account

Year ended	6/30/86	6/30/85
Net sales	\$ 47,189,880	\$ 38,650,441
Cost of sales	32,177,871	26,288,430
Expenses	11,032,737	8,632,389
Depreciation & amortization	426,213	341,582
Interest expense	652,907	708,553
Other income	(164,092)	(218,645)
Income before taxes	\$ 3,064,244	\$ 2,898,132
Income taxes	1,400,000	1,340,000
Net Income	\$ 1,664,244	\$ 1,558,132

Assets

As of	6/30/86	6/30/85
Cash	\$ 42,926	\$ 19,923
Receiv., net	127,437	197,240
Notes receivable	31,818	46,095
*Inventories	22,275,219	16,305,019
Prepaid expenses	340,776	132,714
Income taxes	351,623	—
Current Assets	\$ 23,169,799	\$ 16,700,991
#Fixed assets	4,897,657	3,626,856
Other assets	355,147	445,093
Total Assets	\$ 28,422,603	\$ 20,772,940

Liabilities

Bank overdrafts	\$ 245,731	\$ 549,786
Notes paid to bank	5,756,974	4,311,642
Long-term debt, curr.	254,000	245,000
Accts. payable	4,794,401	2,825,247
Accruals	738,452	843,985
Income taxes	—	18,191
Curr. Liabilities	\$ 11,789,558	\$ 8,793,851
Long-term debt	1,810,587	2,062,723
Other payables	1,379,148	952,985
Mortg. payable	80,634	101,534
Deferred inc. taxes	417,000	251,000
+ Common stock	5,084,873	2,300,506
Retained earnings	7,860,803	6,488,751
Treasury stock	—	(178,410)
Total Liabilities & Shareholders' Equity	\$ 28,422,603	\$ 20,772,940

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.49	7.50
%Net Income to Sales	3.53	4.03
%Net Income to Equity	12.86	18.09
Sales to Inventories	2.12	2.37
Debt to Equity	0.14	0.77
Working Capital	\$11,380,241	\$7,907,140
Current Ratio	1.97	1.90
Shareholders' Equity	\$12,945,676	\$8,610,847

Fabri-Centers of America, Inc.

23550 Commerce Park Road
Beachwood, Ohio 44122
(216) 464-2500

Officers: Martin Rosskamm, chairman; Alan Rosskamm, president; Betty Rosskamm, secretary & treasurer; Justin Zimmerman, sr. v.p.; Brian Burton, exec. v.p.; Michael Feuer, John Sec. Gordon Williams, Alma Zimmerman, sr. v.p.'s; Robert Lytle, Travis Ballew, vice presidents.

Directors: Sidney Dworkin, Alan Rosskamm, Betty Rosskamm, Joseph H. Thomas, Alma Zimmerman, Justin Zimmerman, Brian Burton, Martin Rosskamm, Samuel J. Krasney.

Business Activities: Operates a chain of retail fabric stores, primarily under the name Jo-Ann Fabrics in 36 states and the District of Columbia. The company also operates a group of boutique type high fashion shops under the Showcase of Fine Fabrics name, called House of Fine Fabrics in the greater Washington, D.C. marketing area. Company outlets sell a wide variety of fashion and decorator fabrics, sewing notions, patterns and related accessories principally under the name Best Fabric Outlet. The Company also operates 18 Cargo Express stores, which retail glassware, tableware and housewares.

Transfer Agent(s):

Ameritrust Company, National Association
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: FCA

Number of Stores: (at fiscal year end)

1987	651	1984	628
1986	670	1983	593
1985	657		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 239,352,000	\$ 1,798,000
1986	233,153,000	1,034,000
1985*	226,937,000	3,875,000
1984	209,399,000	4,564,000
1983	210,289,000	7,183,000

No. of Com. Shares ‡ Earn. per Share ‡

1987	4,980,392	\$ 0.36
1986	5,062,701	0.20
1985*	5,095,376	0.76
1984	5,050,111	0.90
1983	4,501,778	1.60

* 53 weeks.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.28	—	—
1986	0.28	—	—
1985	0.28	—	—
1984	0.28	—	—
1983	0.22	—	3-for-2

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 59,727,000	\$ 11.99
1986	60,057,000	11.86
1985	60,247,000	11.91
1984	58,968,000	11.52
1983	48,600,000	10.72

‡ Based on the average number of shares outstanding.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 239,352,000	\$ 233,153,000
Cost of sales	119,407,000	118,177,000
Expenses	114,553,000	111,549,000
Interest expense	2,262,000	2,123,000
Income before taxes	\$ 3,130,000	\$ 1,304,000
Income taxes	1,332,000	270,000
Net Income	\$ 1,798,000	\$ 1,034,000

* Included in Costs and Expenses. Depreciation and Amortization: \$4,593,000 in 1987 and \$4,553,000 in 1986.

Assets

As of	1/31/87	2/1/86
Cash	\$ 2,626,000	\$ 2,322,000
Receiv., net	2,000,000	1,176,000

Farm Fresh, Inc.

*Inventories	75,036,000	76,225,000
Prepaid expenses	4,390,000	3,580,000

Current Assets	\$ 84,052,000	\$ 83,303,000
*Fixed assets	24,180,000	25,595,000
Intangibles	3,790,000	3,884,000
Other assets	2,057,000	1,736,000

Total Assets	\$ 114,079,000	\$ 114,518,000
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Liabilities

Long-term debt & cap. lease oblig. curr.	\$ 5,802,000	\$ 782,000
Short-term bank loans	3,000,000	13,000,000
Accts. payable	29,139,000	20,107,000
Accruals	4,042,000	3,411,000
Income taxes	1,315,000	79,000

Curr. Liabilities	\$ 43,298,000	\$ 37,379,000
Long-term debt	8,247,000	14,649,000

Other long-term liabilities	616,000	515,000
Deferred inc. taxes	2,191,000	1,918,000
+ Common stock	498,000	506,000
Add. paid-in capital	15,305,000	15,488,000
Unearned comp.	(308,000)	(374,000)
Retained earnings	44,232,000	44,437,000

Total Liabilities & Shareholders' Equity	\$ 114,079,000	\$ 114,518,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ No par value; \$0.10 stated value.

Statistical Summary

%Income bef. Taxes to Sales	1.31	0.56
%Net Income to Sales	0.75	0.44
%Net Income to Equity	3.01	1.72
Sales to Inventories	3.19	3.06
Debt to Equity	0.14	0.26
Working Capital	\$40,754,000	\$45,924,000
Current Ratio	1.94	2.23
Shareholders' Equity	\$59,727,000	\$60,057,000

Family Dollar Stores, Inc.

P.O. Box 25800
10401 Old Monroe Road
Charlotte, North Carolina 28212
(704) 847-6961

Officers: Leon Levine, chairman of the board & treasurer; Lewis E. Levine, president; Howard R. Levine, sr. v.p.-merchandising, advertising, distribution; Albert S. Rorie, v.p.-data processing; James A. Seagraves, sr. v.p.-store operations; George R. Mahoney Jr., sr. v.p.-general counsel & secretary; Stephen G. Simms, sr. v.p.-real estate & construction; Richard H. Griner, v.p.-distribution & transportation; David J. Krause, v.p.-finance; Daylon W. Powell, asst. treasurer; Janice B. Burris, asst. secretary; Douglas Sullivan, v.p.-real estate; Norman Weizer, Phillip W. Thompson, v.p.'s-store operations; Robert S. Parker, v.p.-loss prevention; C. Martin Sowers, controller.

Directors: Leon Levine, Thomas Payne, Lewis E. Levine, Mark R. Bernstein.

Business Activities: Operates a chain of discount variety stores located in 23 states, primarily in the eastern half of the U.S.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: FDO

Number of Stores: (at fiscal year end)

1986	1,107	1983	635
1985	920	1982	529
1984	756		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 487,734,841	\$ 30,510,527
1985	410,088,400	28,006,936
1984	340,919,236	23,557,327
1983	264,440,477	15,726,580
1982	207,419,020	10,695,407

	No. of Com. Shares ‡	Earn. per Share ‡
1986	28,911,348	\$ 1.06
1985	28,711,120	0.98
1984	28,601,070	0.83
1983	28,365,593	0.55
1982	28,213,245	0.38

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.23	—	—
1985	0.18½	—	—
1984	0.11½	—	—
1983	0.09½	—	2-for-1
1982	0.08	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 141,293,677	\$ 4.89
1985	115,678,159	4.03
1984	90,999,459	3.18
1983	69,956,528	2.47
1982	54,979,449	1.95

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Income Account *

Year ended Aug. 31	1986	1985
Net sales	\$ 487,734,841	\$ 410,088,400
Other income	7,977,378	5,385,443
Total income	\$ 495,712,219	\$ 415,473,843
Cost of sales	299,840,341	252,246,786
Expenses	138,332,777	111,221,780
Income before taxes	\$ 57,539,101	\$ 52,005,277
Income taxes	27,028,574	23,998,341
Net Income	\$ 30,510,527	\$ 28,006,936

* Included in Costs and Expenses, Depreciation: \$6,754,698 in 1986 and \$4,811,058 in 1985.

Assets

As of Aug. 31	1986	1985
Cash	\$ 4,713,871	\$ 4,524,619
Short term investments	20,298,247	17,198,660
*Inventories	122,498,772	100,784,767
Prepayments	3,731,177	2,350,398
Current Assets	\$ 1,242,067	\$ 124,858,444
#Fixed assets	603,630	52,339,054
Other assets	511,992	185,222
Total Assets	\$ 217,357,689	\$ 177,382,720

Liabilities

Accts. payable	\$ 58,562,315	\$ 47,653,362
Accruals	9,441,832	8,208,609
Income taxes	2,005,604	1,512,649
Curr. Liabilities	\$ 70,009,751	\$ 57,374,620
Deferred inc. taxes	6,054,261	4,329,941
+ Common stock	2,935,086	2,926,651
Add. paid-in capital	5,517,071	3,767,728

Retained earnings	133,121,025	109,263,285
Treasury stock	(279,505)	(279,505)

Total Liabilities & Shareholders' Equity	\$ 217,357,689	\$ 177,382,720
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* At lower of cost (FIFO) or market, determined by retail prices.

Less accumulated depreciation.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.80	12.68
%Net Income to Sales	6.26	6.83
%Net Income to Equity	21.59	24.21
Sales to Inventories	3.98	4.07
Working Capital	\$ 81,232,516	\$ 67,483,824
Current Ratio	2.16	2.18
Shareholders' Equity	\$141,293,677	\$115,678,159

Farm Fresh, Inc.

3487 Inventors Road
P.O. Box 1289
Norfolk, Virginia 23501
(804) 853-7461

Officers: David Furman, chairman; Eugene Walters, president & chief exec. officer; Joseph A. Vita, Jr., sr. exec. v.p. & chief operating officer; H. Lee Kanter, asst. chairman & secretary; J. Duncan McDuff, v.p. & chief financial officer; Larry W. Dobrinsky, v.p. & treasurer; Herbert D. Watson, Jr., v.p. & controller; Martin B. Berry, A. Kent Little, James W. Cox, Michael P. Long, James S. Kenneally, Robert L. McNaughton, vice presidents.

Directors: David Furman, chairman; Eugene Walters, Joseph A. Vita, Jr., H. Lee Kanter, J. Duncan McDuff, Larry W. Dobrinsky, Larry E. Shapiro, Vincent J. Mastracco, Jr., Jerome A. Weinberger.

Business Activities: Operates a chain of large combination supermarkets and general merchandise stores under the name "Farm Fresh," large combination supermarkets under the name "Giant Open Air Markets" and convenience stores under the name "Tinee Giant Food Stores" in Virginia and North Carolina. Also operates 11 specialty stores, seven of which are small traditional grocery stores.

Acquisition(s):

Open Air Markets, Inc.
Operates supermarkets and convenience stores primarily in the Tidewater area of Virginia.

Transfer Agent(s):

United Virginia Bank
Corporate Trust Department
P.O. Box 26665
Richmond, Virginia 23261

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FFSH (NASDAQ)

Number of Stores:

	Combination Supermarkets	Convenience Stores	Specialty Stores
1986	55	49	11

Sales and Earnings

	Net Sales	Net Income
1986	\$ 811,757,000	\$ 10,672,000
1985	699,342,000	10,567,000
1984	556,903,000	11,982,000
1983	465,020,000	8,132,000
1982*	417,129,000	5,977,000
	No. of Com. Shares	Earn. per Share ‡
1986	13,412,000	\$ 0.80
1985	13,126,000	0.81

Farm Fresh, Inc.

1984	11,636,000	1.03
1983	10,991,000	0.74
1982*	9,843,000	0.61

* 53 weeks.

† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 115,304,000	\$ 8.60
1985	107,268,000†	8.17
1984	86,213,000†	7.41
1983	56,234,000†	5.12
1982	25,853,000†	2.63

† After allowing for preferred stock at stated value.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	12/27/86	12/28/85
Net sales	\$ 811,757,696	\$ 699,342,613
Cost of sales	613,638,329	535,176,235
Expenses	173,091,784	144,557,511
Interest expense	10,738,472	9,096,109
Interest income	(2,502,179)	(4,173,998)
Gain on dispos. of prop.	(2,285,160)	(579,452)
Income before taxes	\$ 19,076,450	\$ 15,266,208
Income taxes	8,404,000	4,699,000
Net Income	\$ 10,672,450	\$ 10,567,208

* Included in Costs and Expenses, Depreciation and Amortization: \$16,045,363 in 1986 and \$12,884,627 in 1985.

Assets

As of	12/27/86	12/28/85
Cash	\$ 6,437,254	\$ 3,636,731
Marketable securities	15,042,311	40,254,762
Accts. receiv., net	11,973,180	8,739,319
Coop. assoc. overcharge rebates	4,136,103	4,230,821
*Inventories	63,330,832	53,994,882
Prepaid expenses	813,656	926,242
Current Assets	\$ 101,733,336	\$ 111,782,757
Restricted cash	108,605	2,593,332
Coop. assoc. overcharge rebates	4,342,136	3,472,574
†Fixed assets	175,367,133	153,389,212
Other assets	6,113,412	6,288,402
Total Assets	\$ 287,664,622	\$ 277,526,277

Liabilities

Notes payable to bank	\$ 10,800,000	\$ 1,000,000
Notes payable, curr.	3,636,674	5,010,530
Cap. lease oblig., curr.	1,407,244	1,521,421
Accts. payable	27,573,414	29,432,721
Accrued payroll	3,978,405	4,228,377
Accrued licenses	3,245,796	3,177,778
Accrued profit-sharing	1,667,119	1,419,423
Other accruals	6,235,734	5,973,235
Income taxes	1,717,563	633,322
Curr. Liabilities	\$ 60,261,949	\$ 52,396,807
Oblig. under cap. leases	36,220,139	31,382,013
Notes payable	23,380,097	36,432,635
Conv. subord. debent.	40,000,000	40,000,000
Oblig. under non-competit. agree.	972,333	1,019,049
Deferred inc. taxes	10,879,000	8,196,998
Other liabilities	646,967	674,649
+ Preferred stock	134,298	134,298
+ + Common stock	53,924,377	53,924,377
Add. paid-in capital	61,260,262	53,224,251
Treasury stock	(14,800)	(14,800)
Total Liabilities & Shareholders' Equity	\$ 287,664,622	\$ 277,526,277

* At lower of cost (principally LIFO) or market.

† Less accumulated depreciation and amortization.

+ No par value.

+ + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.35	2.18
%Net Income to Sales	1.31	1.51
%Net Income to Equity	9.26	9.84
Sales to Inventories	12.82	12.95
Debt to Equity	1.01	1.08
Working Capital	\$ 41,471,387	\$ 59,385,950
Current Ratio	1.69	2.13
Shareholders' Equity	\$115,304,137	\$107,424,126

Fay's Drug Company, Inc.

7245 Henry Clay Boulevard
Liverpool, New York 13088
(315) 451-8000

Officers: Henry A. Panasci, Jr., chairman of the board, president & chief executive officer; Donald R. Bregande, v.p.-personnel; John A. Kuznia, v.p.-information systems; Gillian M. McAuliffe, v.p.-consumer affairs; Allan R. Travis, v.p.-advertising & promotion; John A. Kogut, sr. v.p.-operations; Warren D. Wolfson, v.p., general counsel & secretary; Paul T. Anderson, v.p. & controller; David Panasci, v.p.-corp. development; Michael Winahrac'sky, v.p.-distribution; James Poole, v.p.-planning; Laurence D. Padgett, v.p.-specialty retail division; Ray J. Ryan, v.p.-real estate.

Directors: Henry A. Panasci, Jr., Hyman Miller, John D. Burke, Tarky Lombardi, Jr., Robert J. Congel, John Saril, Chris Witting, David H. Panasci, Robert H. Altman, Joyce I. Greenberg, Sheldon W. Fantle.

Business Activities: Operates 150 drug stores in upstate New York, Pennsylvania, Connecticut and Massachusetts. The Company also operates three Bantam drug stores, 13 discount auto parts and supply stores under the name "Wheels Discount Auto Supply," five discount office supply stores under the name "The Paper Cutter," and a liquor store.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): New York

Ticker Symbol: FAY

Number of Stores: (at fiscal year end)

1987	172	1984	102
1986	154	1983	92
1985	119		

Sales and Earnings

	Revenues	Net Income
1987	\$ 452,299,585	\$ 4,098,014
1986	445,124,947	2,786,710
1985	366,697,274	8,679,179
1984	312,368,414	8,103,436
1983	270,275,290	5,479,420
	No. of Com. Shares †	Earn. Per Share ‡
1987	14,132,113	\$ 0.29
1986	14,022,655	0.20
1985	13,910,232	0.62
1984	13,728,498	0.60
1983	11,560,348	0.47

† Adjusted to reflect stock splits.

‡ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.20	—	—
1986	0.20	—	—
1985	0.19	—	—
1984	0.13	—	2-for-1
1983	0.09	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 55,217,514	\$ 3.91
1986	60,267,692	4.30
1985	59,621,088	4.29
1984	52,369,090	3.81
1983	25,818,116	2.23

‡ Adjusted to reflect stock splits.

Income Account

Year Ended Jan. 31	1987	1986
Revenues	\$ 452,299,585	\$ 445,124,947
Cost of sales	330,892,768	339,527,335
Expenses	100,991,264	92,646,652
Depreciation & amortization	7,666,996	6,277,469
Interest expense	5,913,523	3,963,039
Income before taxes	\$ 6,835,034	\$ 2,710,452
Income taxes (credit)	2,737,020	(76,258)
Net Income	\$ 4,098,014	\$ 2,786,710

Assets

As of Jan. 31	1987	1986
Cash	\$ 25,603,879	\$ 17,306,012
Accts. receiv., net	8,117,051	8,475,711
*Inventories	64,102,282	66,146,051
Prepaid expenses	3,088,152	3,069,002
Refundable income taxes	—	2,157,931
Current Assets†	\$ 100,911,364	\$ 97,154,707
†Fixed assets	57,310,422	48,189,975
Defer. charges	5,429,056	5,769,436
Investments	7,003,596	5,729,484
Other assets	172,934	203,545
Total Assets	\$ 170,827,372	\$ 157,047,157

Liabilities

Long-term debt, curr.	\$ 2,568,164	\$ 2,431,901
Stock repurchase	5,263,186	—
Accts. payable	40,870,466	28,774,901
Accruals	5,117,420	4,205,827
Accrued payroll	3,082,607	2,543,761
Income taxes	1,429,092	—
Curr. Liabilities	\$ 58,330,935	\$ 37,956,390
Long-term debt	48,327,156	50,169,392
Oblig. under cap. leases	5,187,545	5,913,381
Deferred taxes	3,764,222	2,740,302
+ Common stock	1,413,212	1,402,266
Add. paid-in capital	38,756,381	37,999,148
Retained earnings	22,396,122	20,866,278
Treasury stock	(7,348,201)	—
Total Liabilities & Shareholders' Equity	\$ 170,827,372	\$ 157,047,157

* At lower of cost (LIFO) or market.

† Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.51	0.61
%Net Income to Sales	0.91	0.63
%Net Income to Equity	7.42	4.62
Sales to Inventories	7.06	6.72
Debt to Equity	0.87	0.97
Working Capital	\$42,580,429	\$59,198,317
Current Ratio	1.73	2.56
Shareholders' Equity	\$55,217,514	\$60,267,692

Federated Department Stores, Inc.

7 West Seventh Street
Cincinnati, Ohio 45202
(513) 579-7000

Officers: Howard Goldfeder, chairman & chief executive officer; Donald J. Stone, John W. Burden, III, vice chairman; Norman S. Matthews, president & chief operating officer; Will M. Storey, vice chairman & chief financial officer; Allen I. Questrom, executive v.p.; Thomas G. Cody, Russell S. Davis, Avner M. Porat, James B. Selonick, Phyllis Sewell, senior v.p.'s; Jack Brown, v.p. & controller; Boris Auerbach, v.p. & secretary; Walter A. Couper, Samuel E. Dyer, H. Stewart Rose, Paul P. Thiemann, Marvin S. Traub, Dennis J. Broderick, Daryl K. Mangan, James N. Andress, v.p.'s; James M. Leahy, sr. v.p. & treasurer.

Directors: Charlotte Beers, John W. Burden, III, Philip Caldwell, Robert A. Charpie, James L. Ferguson, Howard Goldfeder*, Howard W. Johnson, Reginald H. Jones, Daniel W. LeBlond*, Norman S. Matthews*, G. William Miller, Peter G. Peterson, Donald J. Stone*, Will M. Storey*, Marvin S. Traub, Kathryn D. Wriston*, Clifton R. Wharton, Jr.

* Member of the Executive Committee.

Business Activities: Operates the following stores:

Abraham & Straus
420 Fulton Street
Brooklyn, New York, 11202
(718) 802-8500

Stores: Garden City, Hempstead, Massapequa, Huntington, Manhasset, Smithhaven, Rego Park, White Plains, New York; Woodbridge, Monmouth, Paramus, Short Hills, New Jersey; King of Prussia, Willow Grove, Pennsylvania.

Bloomingdale's
1000 Third Avenue
New York, New York 10022
(212) 705-2000

Stores: Hackensack, Short Hills, New Jersey; Fresh Meadows, Manhasset, Garden City, White Plains, New York; Stamford, Connecticut; Chestnut Hill (2), Massachusetts; Tyson's Corner, Virginia; White Flint, Maryland; King of Prussia, Willow Grove, Pennsylvania; Miami, Florida; Washington D.C., Dallas.

Bullock's
800 South Hope Street
Los Angeles, California 90014
(213) 612-5000

Stores: Del Amo, LaHabra, Lakewood, Palm Springs, Manhattan Beach, Pasadena, Santa Ana, Westwood, Wilshire, Northridge, Costa Mesa, Sherman Oaks, Woodland Hills, Mission Valley, West Covina, Century City, Newport Beach, La Jolla, Carlsbad, Mission Viejo, Beverly Center, Rolling Hills, Calif.; Scottsdale & Phoenix, Ariz.; Las Vegas, Nevada.

Burdines
22 East Flagler Street
Miami, Florida 33132
(305) 835-5151

Stores: Miami, West Dade County, Daytona Beach, Ft. Lauderdale, Hollywood, Miami Beach, Pompano Beach, Tampa, Sarasota, West Palm Beach, Westland (Hialeah), Cutler Ridge, Orlando, Altamonte, Clearwater, Boca Raton, Ft. Meyers, Plantation, St. Petersburg, Florida. Furniture Clearance Centers: Ft. Lauderdale & Miami, Florida.

The Children's Place
25 Riverside Drive
Pine Brook, New Jersey 07058
(201) 227-8900

Operates 163 children's specialty stores in 27 states.

Filene's
426 Washington Street
Boston, Massachusetts 02101
(617) 357-2978

Stores: Belmont, Braintree (South Shore), Burlington, Chestnut Hill, Hyannis, Natick, Peabody (North Shore), Wellesley, Worcester, Mass.; Warwick, Rhode Island; Manchester, New Hampshire; Portland, Maine; Waterford, Connecticut; Albany, New York.

Filene's Basement
40 Walnut Street
Wellesley, Massachusetts 02181
(617) 239-9000

Stores: Massachusetts, New Hampshire, New York, Connecticut, Rhode Island, Pennsylvania and New Jersey.

Foley's
1110 Main Street
Houston, Texas 77001
(713) 651-7038

Stores: Alameda Mall, Northwest Mall, Pasadena, Greenspoint, Sharpstown, Houston (Warehouse Store), Willowbrook, West Oaks Mall (Houston), North Star (San Antonio), San Jacinto, (Bayside), Memorial, Highland Mall, Barton Creek (Austin), Dallas/Ft. Worth, Tyler, Texas; Oklahoma City, Tulsa, Oklahoma; Albuquerque, New Mexico.

Goldsmith's
123 South Main Street
Memphis, Tennessee 38143
(901) 529-4545

Stores: Oak Court, Southland Mall, Raleigh Springs, Hickory Ridge, Jackson, Tennessee.

Gold Circle Discount Stores
6121 Huntley Road
Worthington, Ohio 43085
(614) 438-4141

Stores: Columbus, (6); Dayton, (3); Cleveland, (8); Springfield, Canton, (2) Cincinnati, (4); Akron, Ohio (5); Rochester, New York (4); Buffalo (7); Lexington, Kentucky; Florence, Kentucky; Parma, Messillon, Kent, Ohio; Tennessee, Florida, Georgia, North Carolina, South Carolina.

I. Magnin
135 Stockton Street
San Francisco, California 94108
(415) 362-2100

Stores: Beverly Hills, Carmel, Del Amo (Torrance), La Jolla, Los Angeles, Oakland, Palm Springs, Palo Alto, Pasadena, San Fernando Valley (Sherman Oaks), San Mateo, Santa Ana, Santa Barbara, Costa Mesa, San Jose, Santa Clara and Walnut Creek, California; Phoenix, Arizona; Portland, Oregon; Seattle, Washington; Chicago (3), Illinois; White Flint (North Bethesda) Maryland.

MainStreet
2345 North Waukegan Road, Suite 300
Bannockburn, Illinois 00015
(312) 948-1600

Operates 15 stores in the Chicago, Illinois, and Detroit, Michigan Metropolitan areas.

Ralphs
P.O. Box 54143
Los Angeles, California 90054
(213) 637-1101

Operates 15 Giant stores and 112 other supermarkets plus attendant manufacturing and distribution facilities.

Rich's
45 Broad street S.W.
Atlanta, Georgia 30302
(404) 586-4200

Stores: Lenox Square, Belvedere, Cobb Center, North DeKalb, Greenbriar, South DeKalb, Perimeter Mall, Shannon Mall, Outlet Home Store, Cumberland Mall, South Lake Mall, Atlanta, Augusta Mall, Augusta, Ga.; Brookwood Village & Century Plaza, Birmingham, Ala.; Columbia Mall, Columbia, Haywood Mall, Greenville, S.C.

Lazarus
Seventh & Race Streets
Cincinnati, Ohio 45202
(513) 369-7000

Stores: Kenwood Mall, Beechmont Mall, Tri-County, Dayton Mall, Kettering, Salem, Springfield, Western Wood, Louisville (2); Florence & Lexington, Kentucky, Dayton, Eastland, Kingsdale, Northland, Westland, Home Store East, Capri Shops (3); Lima, Richland (Mansfield), Ohio; Castleton, Indianapolis, Evansville, Indiana; Huntington, West Virginia.

Transfer Agent(s):
Manufacturers Hanover Trust Company
P.O. Box 24935
Church Street Station
New York, New York 10249

The First National Bank of Chicago
One First National Plaza Suite 0123
Chicago, Illinois 60670

Stock Exchange(s): New York, Cincinnati, Pacific, Philadelphia, Midwest, Detroit

Ticker Symbol: FDS

Number of Department and Specialty Stores:
(at fiscal year end)

1986	631	1983	551
1985	604	1982	508
1984	589		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income † (000's)
1986	\$ 10,512,425	\$ 287,600
1985	9,978,027	286,626
1984	9,672,300	329,300
1983	8,689,600	338,300
1982	7,698,900	232,800

	No. of Com. Shares #	Earn. per Share #
1986	96,900,000	\$ 2.97
1985	97,600,000	2.94
1984	97,300,000	3.38
1983	97,200,000	3.48
1982	97,200,000	2.40

‡ Includes leased department sales.

† Including extraordinary loss of \$14,341,000 (\$0.15 per share) in 1986.

Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Department stores	\$ 6,974,300	66.3%	\$ 6,684,700	67.0%
Mass merch.	969,200	9.2	1,057,900	10.6
Supermarkets	2,045,700	19.5	1,813,600	18.2
Other	523,200	5.0	421,800	4.2
Total	\$10,512,400	100%	\$9,978,000	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.34	—	2-for-1
1985	1.27	—	—
1984	1.20	—	—
1983	1.10	—	—
1982	1.05	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	\$ 2,662,600	\$ 28.54
1985	2,707,300	27.75
1984	2,544,100	26.15
1983	2,333,400	24.02
1982	2,105,100	21.72

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 10,512,425	\$ 9,978,027
Cost of sales	7,698,628	7,314,725
Expenses	2,103,315	1,962,537
Prov. for doubtful accts.	50,558	45,599
Interest expense	79,801	86,386
Unusual items	13,082	35,054
Income before taxes	\$ 567,041	\$ 533,726
Income taxes	265,100	247,100
Net Income	\$ 301,941	\$ 286,626
Extraord. loss	(14,341)	—
Net Income & extraord. loss	\$ 287,600	\$ 286,626

* Included in Costs and Expenses. Depreciation and Amortization: \$255,577,000 in 1986 and \$230,585,000 in 1985.

Assets (000's)

	1/31/87	2/1/86
As of		
Cash	\$ 101,097	\$ 54,270
Accts. receiv., net	1,554,402	1,607,012

Federated Department Stores, Inc.

*Inventories	1,405,992	1,320,097
Prepaid expenses & supplies	42,508	43,448
Current Assets	\$ 3,103,999	\$ 3,024,827
*Fixed assets	2,451,629	2,249,624
Other assets	132,110	79,192
Total Assets	\$ 5,687,738	\$ 5,353,643
Liabilities (000's)		
Notes payable & long-term debt, curr.	\$ 240,053	\$ 42,749
Accts. payable & accruals	1,249,149	1,125,626
Income taxes	119,149	320,748
Curr. Liabilities	\$ 1,608,351	\$ 1,489,123
Long-term debt	791,901	781,513
Deferred compensation	204,890	189,648
Deferred inc. taxes	420,042	186,091
+ Common stock	118,876	62,196
Add. paid-in capital	25,597	98,506
Retained earnings	2,538,612	2,569,404
Treasury stock	(20,531)	(22,838)
Total Liabilities & Shareholders' Equity	\$ 5,687,738	\$ 5,353,643

* At LIFO which is lower than market.
 † Less accumulated depreciation.
 + \$1.25 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	5.39	5.35
%Net Income to Sales	2.87	2.87
%Net Income to Equity	11.34	10.59
Sales to Inventories	7.48	7.56
Debt to Equity	0.39	0.30
Working Capital	\$1,495,648,000	\$1,535,704
Current Ratio	1.93	2.03
Shareholders' Equity	\$2,662,554,000	\$2,707,268,000

Number of Stores: (at fiscal year end)

1986	2	1983	2
1985	2	1982	2
1984	2		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 5,864,255	\$ 110,963
1985	6,970,733	216,296
1984	7,305,216	281,654
1983	6,318,917	229,286
1982	6,128,054	199,768

	No. of Com. Shares +	Earn. per Share +
1986	1,720,385	\$ 0.06
1985	1,720,053	0.13
1984	1,715,906	0.16
1983	1,709,926	0.13
1982	1,713,161	0.12

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.06	—	—
1985	0.06	—	5-for-4
1984	0.06	—	—
1983	0.06	—	—
1982	0.06	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 2,330,901	\$ 1.35
1985	2,342,963	1.36
1984	2,227,764	1.30
1983	2,063,695	1.21
1982	1,930,043	1.13

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account

Year-ended October 31	1986	1985
Net sales	\$ 5,864,255	\$ 6,970,733
Cost of sales	4,411,223	5,261,970
Expenses	1,303,172	1,359,906
Depreciation	60,402	21,884
Other income	(63,705)	(80,223)
Income before taxes	\$ 153,163	\$ 407,196
Income taxes	42,200	190,900
Net Income	\$ 110,963	\$ 216,296

Assets

As of October 31	1986	1985
Cash	\$ 44,433	\$ 69,172
Cert. of deposit	950,000	1,097,408
Accts. receiv., net	683,603	687,043
*Inventories	660,770	778,063
Prepaid expenses	54,867	64,824
Current Assets	\$ 2,393,673	\$ 2,696,510
*Fixed assets	200,018	52,387
Other assets	34,100	25,330
Total Assets	\$ 2,627,791	\$ 2,774,227

Liabilities

	1986	1985
Accts. payable	\$ 193,916	\$ 298,995
Accruals	94,974	114,869
Curr. Liabilities	\$ 288,890	\$ 413,864
Deferred income taxes	8,000	17,400
+ Common stock	171,976	171,601

Add. paid-in capital	1,651,795	1,650,406
Retained earnings	530,670	522,722
Treasury stock	(23,540)	(1,766)

Total Liabilities & Shareholders' Equity	\$ 2,627,791	\$ 2,774,227
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* At lower of cost (FIFO) or market.
 † Less accumulated depreciation.
 + \$0.10 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	2.61	5.84
%Net Income to Sales	1.89	3.10
%Net Income to Equity	4.76	9.23
Sales to Inventories	8.87	8.96
Working Capital	\$2,104,783	\$2,282,646
Current Ratio	8.29	6.52
Shareholders' Equity	\$2,330,901	\$2,342,963

Fifth Avenue Cards, Inc.

Empire State Building
 350 Fifth Avenue
 New York, New York 10118
 (212) 736-3503

Officers: Hal J. Upbin, chairman of the board and president; Gerald Coopersmith, corporate secretary and treasurer-Gift & Card Store Division; Eugene Cohen, senior v.p.-store operations, Gift & Card Store Division; Karen Webb, Ethel Sloan, v.p.-merchandise, Gift & Card Store Division; Joseph P. Collins, president-Apparel Outlet Store Division; William F. Russell, Jr., v.p.-Apparel Outlet Store Division; Sheila Shantz, treasurer-Gift & Card Store Division.

Directors: Hal J. Upbin, chairman, Glen M. Kassan, William D. Sivitz, Robert Bjork, Ronnie Shapiro, Edward D. Herrick.

Business Activities: The company operates a chain of retail stores on the East Coast, specializing in greeting cards, party goods, small gift items, gift wrappings and some novelties, and a chain of apparel outlet stores which sell men's, women's and children's off-price apparel under the name Ashley's in 13 states.

Divisions:

Apparel Outlet Store Division
 1224 Fern Ridge Parkway
 Creve Coeur, Missouri 63141

Gift & Card Store Division
 350 Fifth Avenue—Suite 1517
 New York, New York 10118

Transfer Agent(s):

Manufacturers Hanover Trust Company
 New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FIVE (NASDAQ)

Number of Stores: (at fiscal year end)

1986	118	1983	57
1985	25	1982	55
1984	32		

Sales and Earnings

	Net Sales +	Net Income †
1986	\$ 16,248,000	\$ (1,474,631)
1985	5,156,000	(1,516,806)
1984	4,690,000	(1,543,088)
1983	5,020,000	(587,759)
1982	7,204,000	101,600

No. of Com. Shares

	No. of Com. Shares	Earn. per Share ‡
1986	3,316,856	\$ —
1985	2,297,928	—
1984	996,262	—
1983	996,262	—
1982	996,262	0.10

Federated Purchaser, Inc.

50 Lafayette Place
 Kenilworth, New Jersey 07033
 (201) 272-0505

825 Union Blvd.
 Allentown, Pennsylvania 18103
 (215) 437-4481

Officers: Arthur C. Kammerman, chairman; Harry J. Fallon, president; Steven J. Jordan, vice president-industrial marketing; Jane A. Christy, v.p.-operations; Marie Santasin, secretary; William Hall, treasurer.

Directors: Arthur C. Kammerman, chairman; Edmund L. Hoener, Harry J. Fallon, John Rudder.

Business Activities: Engaged in the marketing of electronic parts, components and equipment to industrial and retail customers. To its industrial customers the company sells a broad range of products including semi-conductors, wire, cable connectors, transformers, relay systems, capacitors and electronic tubes. The principal products marketed by the company to retail customers are home entertainment equipment including stereo systems, tape recorders, speakers, radios and related accessories. The company markets its retail products through two stores located in Kenilworth, New Jersey and Allentown, Pennsylvania. Industrial products are marketed directly by Federated's sales personnel from both locations and in the field.

Transfer Agent(s):

The National State Bank
 Elizabeth, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: EFDP (NASDAQ)

The Firestone Tire & Rubber Company

(Loss)

+ Of continuing operations only.

‡ Based on the weighted average number of shares outstanding.

† Including extraordinary credit of \$13,000 (\$0.01 per share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ (758,880)	\$ —
1985	(448,697)	—
1984	(76,067)	—
1983	1,467,021	1.47
1982	2,054,780	2.06

(Deficiency)

Income Account

Year ended June 30	1986	1985
Net sales	\$ 16,247,803	\$ 5,156,059
Cost of sales	9,280,110	3,028,415
Expenses	7,336,761	2,615,582
Depreciation and amortization	263,124	93,903
Other expense	766,075	195,413
Loss - cont. oper.	\$ (1,398,267)	\$ (777,254)
Loss - discount oper.	(76,364)	(739,552)
Net Loss	\$ (1,474,631)	\$ (1,516,806)

Assets

As of June 30	1986	1985
Cash	\$ 774,310	\$ 745,143
Accts. & notes receiv., net	659,467	950,531
*Inventories	13,188,802	2,578,795
Prepaid expenses	663,237	241,443
Current Assets	\$ 15,285,816	\$ 4,515,912
Notes receiv.	277,176	370,567
#Fixed assets	2,884,107	888,091
Other assets	157,312	13,801
Intangibles	931,000	—
Total Assets	\$ 19,535,411	\$ 5,788,371

Liabilities

Notes payable	\$ 1,230,000	\$ 350,000
Accts. payable	5,259,119	2,385,125
Accruals	1,638,223	405,304
Cap. lease oblig., curr.	104,459	—
Long-term debt, curr.	500,000	—
Curr. Liabilities	\$ 8,731,801	\$ 3,140,429
Long-term debt	10,675,566	2,960,000
Reserve for closed stores	168,881	27,269
Cap. lease oblig.	629,348	—
Other liabilities	115,695	109,370
+ Common stock	33,170	22,979
Add. paid-in capital	4,034,068	2,906,811
Retained earnings	(4,853,118)	(3,378,487)
Total Liabilities & Shareholders' Equity	\$ 19,535,411	\$ 5,788,371

* At lower of cost (retail method) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

Sales to Inventories	1.23	2.00
Working Capital	\$6,554,015	\$1,375,483
Current Ratio	1.75	1.44
Shareholders' Equity (Deficiency)	\$ (758,880)	\$ (448,697)

The Firestone Tire & Rubber Company

1200 Firestone Parkway
Akron, Ohio 44317
(216) 379-7000

Officers: John J. Nevin, chairman of the board, president & chief executive officer; J. Robert Anderson, sr. v.p. & chief financial officer; James H. Bolender, v.p. & controller; John E. Rooney, treasurer; Laurance T. Burden, v.p.-management information services; Thomas M. Forman, v.p. & general counsel; Roy H. Gilbert, v.p.-strategic planning; Donald L. Groninger, v.p.-human resources; Randall D. Luke, secretary & associate general counsel; T. Jane Robinson, A. Mosby Harvey, Jr., David A. Thomas, Jerry C. Zemen, Dennis J. Broderick, assistant secretaries; Peter W. Chehayl, asst. treasurer; Dallas E. Stiles, Donald B. Hutchins, Philip R. Morrison, Scott H. McKean, assistant controllers.

Directors: John J. Nevin*, chairman; Jay H. Rosenson, vice chairman; Kimball C. Firestone*, Charles Marshall, John A. Meyers, William G. Phillips*, Paul A. Vatter*, George W. Aucott, Robert Anderson, Lois Dickson Rice, Raymond C. Tower, Thomas C. Page.

* Member of the Executive Committee.

Business Activities: The Company operates 1,400 retail stores which sell tires and related products and services throughout the United States.

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
P.O. Box 24935
Church Street Station
New York, New York 10249

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: FIR

Number of Stores: (at fiscal year end)

1986	1,400	1983	1,500
1985	1,500	1982	1,300
1984	1,500		

Sales and Earnings

	Net Sales + (000's)	Net Income ‡ (000's)
1986	\$ 3,501,000	\$ 85,000
1985	3,602,000	3,000
1984	3,758,000	102,000
1983	3,516,000	111,000
1982	3,565,000	6,000

No. of Com. Shares

	No. of Com. Shares	Earn. per Share ‡
1986	39,052,000	\$ 2.16
1985	41,092,000	0.06
1984	43,392,273	2.21
1983	48,429,503	2.26
1982	51,904,018	0.11

+ Of continuing operations only.

‡ Including extraordinary tax credits of \$9,000,000 (\$0.20 per share) in 1985, \$13,000,000 (\$0.29 per share) in 1984, \$11,000,000 (\$0.23 per share) in 1983, and \$4,000,000 (\$0.07 per share) in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.60	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	\$ 1,167,000	\$ 29.87
1985	1,163,000	28.31
1984	1,236,000	28.50

1983	1,291,000	26.66
1982	1,303,000	25.10

Income Account * (000's)

Year ended Oct. 31	1986	1985
Net sales	\$ 3,501,000	\$ 3,602,000
Cost of sales	2,711,000	2,894,000
Expenses	664,000	666,000
Provision for restruct.	89,000	105,000
For. curr. trans.	(1,000)	4,000
Interest expense	37,000	43,000
Interest income	(14,000)	(15,000)
Other income	(22,000)	(22,000)
Income (loss) bef. taxes	\$ (37,000)	\$ (73,000)
Income taxes (credit)	34,000	(46,000)
Inc. (loss)-cont. oper.	\$ 3,000	\$ (27,000)
Inc.-discount oper.	16,000	21,000
Net Income (Loss)	\$ 19,000	\$ (6,000)
Extraordinary credit	—	9,000
Cum. effect of change in pension acctg.	66,000	—
Net Income & extraordinary credit	\$ 85,000	\$ 3,000

* Included in Costs and Expenses, Depreciation: \$136,000,000 in 1986 and \$134,000,000 in 1985.

Assets (000's)

As of Oct. 31	1986	1985
Cash & short-term invest.	\$ 175,000	\$ 118,000
Accts. receiv., net	582,000	603,000
*Inventories	468,000	504,000
Prepaid expenses	71,000	46,000
Current Assets	\$ 1,296,000	\$ 1,271,000
Investments	35,000	40,000
#Fixed assets	1,119,000	1,110,000
Other assets	143,000	104,000
Total Assets	\$ 2,593,000	\$ 2,525,000

Liabilities (000's)

Loan payable	\$ 13,000	\$ 81,000
Long-term debt, curr.	15,000	19,000
Accts. payable	336,000	260,000
Accrued comp.	202,000	209,000
Taxes	106,000	100,000
Other accruals	172,000	164,000
Curr. Liabilities	\$ 844,000	\$ 833,000
Long-term debt	285,000	234,000
Pension & other liab.	155,000	250,000
Minority interest	27,000	44,000
Deferred inc. for sale & leaseback	66,000	1,000
Deferred inc. taxes	49,000	—
+ Common stock	63,000	63,000
Add. paid-in capital	180,000	184,000
Retained earnings	1,418,000	1,364,000
Foreign curr. trans.	(128,000)	(125,000)
Treasury stock	(366,000)	(323,000)
Total Liabilities & Shareholders' Equity	\$ 2,593,000	\$ 2,525,000

* At lower of cost or market. Domestic inventories at LIFO; all others at FIFO or average cost.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Net Income to Equity	1.63	—
Sales to Inventories	7.48	7.15
Debt to Equity	0.27	0.29
Working Capital	\$ 452,000,000	\$ 438,000,000
Current Ratio	1.54	1.53
Shareholders' Equity	\$1,167,000,000	\$1,163,000,000

Fisher Foods, Inc.

Fisher Foods, Inc.

5300 Richmond Road
Bedford Heights, Ohio 44146
(216) 292-7000

Mailing address:

P.O. Box 46555
Cleveland, Ohio 44146

Officers: Robert L. Hayden, president & chief operating officer; Robert R. Gerber, sr. v.p. & chief financial officer; Brian K. Garson, sr. v.p. & secretary; Gregory Mays, controller.

Directors: Wendell Earle, Brian K. Garson, Robert L. Hayden, S. Lee Kohman.

Business Activities: The company is a food wholesaler under "Heritage Wholesalers" name, and a retailer operating 62 supermarkets under the "Fazio's" and "Carl's" names and two deep discount drug and variety stores under the "Jax" name, in the Cleveland metropolitan area. The company also operates Omar Bakeries, Inc., and Eagle Ice Cream.

Divisions and Subsidiaries:

Fazio's
5300 Richmond Road
Bedford Heights, Ohio 44146
(216) 292-7000

Operates 62 food supermarkets in northern Ohio.

Eagle Ice Cream Company
90 Broadway
Bedford Heights, Ohio 44146
Packaged ice cream and ice cream products.

Heritage Wholesalers
5300 Richmond Road
Bedford Heights, Ohio 44146
(216) 292-7227
Wholesale supplier of groceries, fresh meat & produce, dairy, frozen foods & general merchandise.

JAX
3360 Linden Road
Rocky River, Ohio 44116
(216) 333-8778
Deep discount drug and variety stores in Cleveland.

Omar Bakeries, Inc.
408 Sheldon Street
Columbus, Ohio 43216
(614) 443-6511

Supplies bakery products to the Fazio Divisions as well as outside customers.

Transfer Agent(s):

National City Bank
Corporate Trust Department
P.O. Box 92301
Cleveland, Ohio 44101

Stock Exchange(s): New York

Ticker Symbol: FHR

Number of Stores*: (at fiscal year end)

1986	62	1983	50
1985	58	1982	49
1984	49		

* Supermarkets only.

Sales and Earnings

	Net Sales	Net Income
1986	\$ 589,583,000	\$ (1,949,000)
1985	494,804,000	2,279,000
1984	503,477,000	(5,464,000)
1983	506,420,000	509,000
1982	524,328,000	(176,000)

	No. of Com. Shares	Earn. per Share ‡†
1986	3,526,528	\$ —
1985	4,186,983	0.47
1984	4,988,808	—
1983	4,970,308	0.08
1982	4,999,322	—

(Loss)

‡ Based on the average number of common shares outstanding.

† Including extraordinary gains of \$248,000 in 1987, \$1,107,000 (\$0.24 per share) in 1985, \$201,000 (\$0.04 per share) in 1983, and \$1,210,000 in 1982.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.05	—	—
1985	0.05	—	—
1984	0.05	—	—
1983	—	—	—
1982	0.625	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	\$ 48,201,870	\$ 13.69
1985	61,515,870	14.71
1984	68,656,870	13.78
1983	74,092,070	14.93
1982	72,882,425	14.60

‡ After allowing for preferred stock at redemption value of \$105 per share.

Income Account *

(000's)

Year ended	1/3/87	12/28/85
Net sales	\$ 589,583	\$ 494,804
Cost of sales	470,874	394,354
Expenses	118,675	100,933
Interest expenses	3,850	2,916
Prov. for closed facil.	—	987
Interest income	(392)	(2,449)
Other income	(1,227)	(3,061)
Income (loss) bef. taxes	\$ (2,197)	\$ 1,124
Tax credit	—	(48)
Net Income (Loss)	\$ (2,197)	\$ 1,172
Extraord. gains	248	1,107
Net Income (Loss) and extraordinary gains	\$ (1,949)	\$ 2,279

* Included in Costs and Expenses. Depreciation and Amortization: \$8,351,000 in 1986 and \$7,650,000 in 1985.

Assets

(000's)

As of	1/3/87	12/28/85
Cash	\$ 27,985	\$ 18,372
Accts. receiv., net	5,829	6,699
*Inventories	38,806	45,640
Prepaid expenses	4,943	4,811
Deferred income taxes	3,062	3,731
Current Assets	\$ 80,625	\$ 79,253
Investments & other assets	2,361	3,240
#Fixed assets	76,657	80,249
Total Assets	\$ 159,643	\$ 162,742

Liabilities

(000's)

Notes payable	\$ 8,000	\$ 4,000
Long-term debt, curr.	1,013	1,036
Oblig. under capital leases, curr.	1,022	1,019
Accts. payable	34,298	32,719
Accruals	10,626	9,977
Income taxes	3,801	3,636
Clos. facil. reserve	751	1,657
Litig. settle. res., curr.	1,445	1,634
Curr. Liabilities	\$ 60,056	\$ 55,678
Litig. settle. reserve	3,181	4,474
Long-term debt	24,088	15,839
Oblig. under capital leases	15,598	16,619

Other liabilities	1,955	2,259
Deferred inc. taxes	3,762	4,456
+ Preferred stock	1,811	1,811
+ + Common stock	3,527	4,187
Add. paid-in capital	764	955
Retained earnings	44,462	57,074
Treasury stock	(461)	(610)

Total Liabilities & Shareholders' Equity \$ 159,643 \$ 162,742

* At lower of cost (primarily LIFO) or market.

Less accumulated depreciation and amortization.

+ No par value, \$5 cumulative.

+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.23
%Net Income to Sales	—	0.24
%Net Income to Equity	—	1.85
Sales to Inventories	15.19	10.84
Debt to Equity	0.83	0.54
Working Capital	\$19,669,000	\$23,575,000
Current Ratio	1.32	1.42
Shareholders' Equity	\$50,103,000	\$63,417,000

Food Lion Stores, Inc.

(formerly Food Town Stores, Inc.)

Harrison Road
P.O. Box 1330
Salisbury, North Carolina 28145
(704) 633-8250

Officers: Ralph W. Ketner, chairman of the board; Tom E. Smith, president & chief executive officer; Jerry W. Helms, senior v.p. & chief operating officer; Allyn D. Adams, v.p.-meat operations; A. Edward Benner, Jr., v.p.-management information systems; James H. Goodwin, Jr., v.p.-distribution & purchasing; Kenneth Harris, v.p.-perishable operations; Robert R. McAuliffe, Jr., v.p.-real estate; Spencer D. Storie, v.p.-store planning & development; Vincent G. Watkins, v.p.-special projects & development; Eugene R. McKinley, v.p.-human resources & asst. secretary; Thomas R. Crabtree, v.p.-advertising; George S. Seger, v.p.-loss prevention; Brian P. Woolf, v.p.-finance, secretary & chief financial officer; Daniel Boone, treasurer & asst. secretary; Charles C. Buckley, v.p. grocery operations.

Directors: Ralph W. Ketner, chairman; Tom E. Smith, Guy Beckers, Jacques Le Clercq, Gui de Vaucleroy, Thomas M. Caddell, Brian P. Woolf, Jerry W. Helms, Charles de Cooman d'Herichove, Raymond-Max Boon.

Business Activities: Operates a chain of supermarkets in South Carolina, Georgia, Virginia, Maryland, Tennessee and North Carolina under the name Food Lion.

Transfer Agent(s):

Citizens & Southern National Bank
P.O. Box 105555
Atlanta, Georgia 30348

Stock Exchange(s): Over-the-Counter

Ticker Symbol: FDLNA, FDLNB (NASDAQ)

Number of Stores: (at fiscal year end)

1986	388	1983	226
1985	317	1982	182
1984	251		

Sales and Earnings

	Net Sales	Net Income
1986*	\$2,406,582,000	\$ 61,823,000
1985	1,865,632	47,585,000
1984	1,469,564,000	37,305,000
1983	1,172,459,430	27,717,761
1982	947,073,495	21,854,911

Forest City Enterprises, Inc.

	No. of Com. Shares #	Earn. per Share #
1986*	160,117,000	\$ 0.39
1985	159,386,000	0.30
1984	157,731,000	0.24
1983	157,111,000	0.18
1982	156,473,000	0.14

* 53 weeks.

Based on the weighted average number of shares outstanding adjusted to reflect stock splits and stock recapitalization.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.036	—	3-for-1
1985	0.028	—	—
1984	0.019	—	—
1983	0.016	—	—
1982	0.013	—	3-for-1

† Adjusted to reflect stock splits and stock recapitalization.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	\$ 264,864,000	\$ 1.65
1985	207,379,000	1.30
1984	163,420,000	1.04
1983	123,633,999	0.79
1982	97,803,145	0.63

Based on the weighted average number of shares outstanding adjusted to reflect stock splits and stock recapitalization.

Income Account

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$2,406,582,000	\$1,865,632,000
Cost of sales	1,948,775,000	1,521,275,000
Expenses	296,077,000	226,550,000
Depreciation & amortization	29,585,000	21,361,000
Interest expense	9,222,000	7,241,000
Income before taxes	\$ 122,923,000	\$ 89,185,000
Income taxes	61,100,000	41,600,000
Net Income	\$ 61,823,000	\$ 47,585,000

Assets

As of	1/3/87	12/28/85
Cash	\$ 22,024,000	\$ 2,686,000
Receiv., net	27,176,000	21,790,000
*Inventories	258,860,000	193,903,000
Prepaid expenses	3,343,000	2,448,000
Current Assets	\$ 311,403,000	\$ 220,827,000
#Fixed assets	293,484,000	218,870,000
Total Assets	\$ 604,887,000	\$ 439,697,000

Liabilities

Notes payable	\$ 51,164,000	\$ 25,271,000
Long-term debt, curr.	1,586,000	1,665,000
Accts. payable	106,394,000	79,264,000
Accruals	48,628,000	44,992,000
Income taxes	13,476,000	2,525,000
Curr. por. of oblig. under cap. leases	1,693,000	1,206,000
Curr. Liabilities	\$ 222,941,000	\$ 154,923,000
Long-term debt	50,857,000	36,620,000
Deferred income taxes	1,159,000	1,141,000
Oblig. under cap. lease	40,533,000	21,401,000
Deferred inc. taxes	24,533,000	18,233,000
+ Class A common stock	40,421,000	13,406,000
+ Class B common stock	39,834,000	13,208,000
Add. paid-in capital	466,000	6,074,000
Retained earnings	184,143,000	174,691,000
Total Liabilities & Shareholders' Equity	\$ 604,887,000	\$ 439,697,000

* At lower of cost (primarily LIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.11	4.78
%Net Income to Sales	2.57	2.55
%Net Income to Equity	23.34	22.95
Sales to Inventories	9.30	9.62
Debt to Equity	0.19	0.41
Working Capital	\$ 88,462,000	\$ 65,904,000
Current Ratio	1.40	1.43
Shareholders' Equity	\$264,864,000	\$207,379,000

Foodarama Supermarkets, Inc.

303 West Main Street
P.O. Box 592
Freehold, New Jersey 07728
(201) 462-4700

Officers: Joseph J. Saker, chairman of the board & president; Sidney Cohen, sr. v.p.-administration, real estate & corp. planning & asst. secretary; Richard Saker, sr. v.p.-operations; John J. McAteer, sr. v.p.-human resources; Joseph C. Troilo, sr. v.p.-finance & asst. treasurer; Mary Saker, secretary & treasurer.

Directors: Joseph J. Saker*, chairman; Arthur M. Borden, Sidney Cohen*, John W. Hurley, Mary Saker*, Harold A. Stoller.

* Member of the Executive Committee.

Business Activities: Operates Foodarama Supermarkets, under the Shop-Rite name, in New York, New Jersey, and Pennsylvania. Also operates two liquor stores, two garden centers, and in-store pharmacies, all under the Shop-Rite name.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: FSM

Number of Stores: (at fiscal year end)

1986	28	1983	31
1985	27	1982	34
1984	30		

Sales and Earnings

	Net Sales \$	Net Income
1986	\$ 471,886,000	\$ 1,681,000
1985	441,046,000	2,944,000
1984*	450,748,000	210,000
1983	439,971,000	155,000
1982	425,961,000	1,153,000
	No. of Com. Shares #	Earn. per Share #
1986	1,341,489	\$ 1.25
1985	1,341,137	2.20
1984*	1,341,074	0.16
1983	1,341,277	0.12
1982	1,343,308	0.86

* 53 weeks.

† Of continuing operations only.

Based on the weighted average number of common shares outstanding during each year.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 26,916,000	\$ 20.06
1985	25,232,000	18.81
1984	22,288,000	16.62

1983	22,080,000	16.46
1982	2,928,000	16.32

+ Based on the weighted average number of common shares outstanding during each year.

Income Account *

Year ended	11/1/86	11/2/85
Net sales	\$ 471,886,000	\$ 441,046,000
Cost of sales	362,986,000	341,951,000
Expenses	102,504,000	94,132,000
Oper. profit	\$ 6,396,000	\$ 4,963,000
Interest expense	2,907,000	1,176,000
Income before taxes	\$ 3,489,000	\$ 3,787,000
Income taxes	1,808,000	843,000
Net Income	\$ 1,681,000	\$ 2,944,000

* Included in Costs and Expenses, Depreciation: \$5,726,000 in 1986 and \$4,160,000 in 1985.

Assets

As of	11/1/86	11/2/85
Cash	\$ 4,189,000	\$ 6,305,000
Short-term investments	6,878,000	5,173,000
Receiv., net	4,121,000	3,835,000
*Inventories	19,206,000	18,202,000
Current Assets	\$ 34,394,000	\$ 33,515,000
Investments	4,888,000	4,092,000
Receivables	610,000	811,000
#Fixed assets	43,065,000	35,209,000
Intangibles	2,153,000	2,153,000
Total Assets	\$ 85,110,000	\$ 75,780,000

Liabilities

Notes payable	\$ 4,000,000	\$ 3,000,000
Long-term debt, curr.	2,662,000	1,919,000
Cap. lease oblig., curr.	2,546,000	1,916,000
Accts. payable	24,138,000	23,910,000
Accruals	7,903,000	6,035,000
Income taxes	518,000	221,000
Curr. Liabilities	\$ 41,767,000	\$ 37,001,000
Long-term debt	4,602,000	5,547,000
Cap. lease oblig.	8,826,000	6,658,000
Deferred inc. taxes	2,999,000	932,000
+ Common stock	1,622,000	1,621,000
Add. paid-in capital	2,350,000	2,348,000
Retained earnings	24,718,000	23,037,000
Treasury stock	(1,774,000)	(1,774,000)
Total Liabilities & Shareholders' Equity	\$ 85,110,000	\$ 75,780,000

* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.74	0.86
%Net Income to Sales	0.36	0.67
%Net Income to Equity	6.25	11.16
Sales to Inventories	24.57	24.23
Debt to Equity	0.33	0.75
Shareholders' Equity	\$26,916,000	\$25,232,000

Forest City Enterprises, Inc.

10800 Brookpark Road
Cleveland, Ohio 44130
(216) 267-1200

Officers: Max Ratner, chairman of the board; Samuel H. Miller, vice chairman of the board & chief operating officer; Albert B. Ratner, president & exec. officer; Alan S. Ellett, Charles A. Ratner, exec. v.p.'s; Nathan Shafraun, vice chairman; Thomas G. Smith, sr. v.p. & chief financial officer; William Warren, sr. vice president & general counsel; D.

Forest City Enterprises, Inc.

Layton McCown, v.p. & controller; Helen F. Morgan, v.p., treasurer & secretary; Gilles A.E. Stucker, sr. v.p.-finance; Albert L. Reisenfeld, assoc. general counsel.

Directors: Samuel H. Miller, Harry O. Schloss, Jr., Albert B. Ratner, Charles A. Ratner, Max Ratner, William Serne, Jr., Nathan Shafran, J. Maurice Struchen, Alan S. Ellett, Jerry V. Jarrett, James A. Ratner, Ronald A. Ratner.

Business Activities: Engaged in real estate construction, ownership and management; land development and marketing. Operates a "do-it-yourself" home building supplies stores in the Cleveland-Akron and Detroit areas. Also engaged in wholesale lumber operations and the sale of other building materials through joint ventures.

Divisions and Subsidiaries:

Forest City Trading Group
Portland, Oregon

Forest City Commercial Management, Inc.
Cleveland, Ohio

Forest City Dillon, Inc.
Cleveland, Ohio
Los Angeles, California

Forest City Land Division - Sunrise Land Co.
Cleveland, Ohio

Forest City Retail Division
Cleveland, Ohio

The Forest City-Capital Corporation
Cleveland, Ohio

Forest City Rental Properties Corporation
Cleveland, Ohio

Forest City Apartment Management Division
Cleveland, Ohio

Forest City Credit Corp.
Cleveland, Ohio

Transfer Agent(s):

The Ameritrust Company N.A.
900 Euclid Avenue
Cleveland, Ohio 44101

Stock Exchange(s): American

Ticker Symbol: FCEA and FCEB

Number of Stores: (at fiscal year end)

1986	18	1983	20
1985	18	1982	20
1984	22		

Sales and Earnings

	Net Sales \$	Net Income
1987	\$ 113,075,000	\$ 13,061,000
1986	121,709,000	7,444,000
1985	98,385,000	4,883,000
1984	114,980,000	4,179,000
1983	148,199,000	6,391,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987	7,948,268	\$ 1.64
1986	7,948,268	0.94
1985	7,948,268	0.61
1984	7,948,784	0.52
1983	8,002,836	0.80

‡ Includes operating revenues; of continuing operations only.
‡‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1987	1986
Lumber brokerage div.	\$ 43,377	\$ 38,800
Merchant bldg. div.	49,382	62,018
Land div.	20,316	20,572
Other	—	319
Total	\$ 113,075	\$ 121,709

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.54	—	—
1986	0.54	—	—
1985	0.24	—	—
1984	0.22	—	2-for-1
1983	0.10	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 81,315,000	\$ 10.23
1986	70,405,000	8.86
1985	65,112,000	8.19
1984	61,187,000	7.70
1983	57,899,000	7.28

‡ Adjusted to reflect stock split.

Income Account * (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 113,075	\$ 121,709
Other income	2,456	1,661
Eq. in inc. of 50% or less owned entities	2,207	1,154
Total income	\$ 117,738	\$ 124,524
Cost of sales	55,409	71,754
Expenses	54,448	51,935
Interest expense	7,840	8,668
Inc. (loss) bef. taxes	\$ 1,041	\$ (7,833)
Income taxes (credit)	.91	(3,364)
Equity in earnings-unconsol. subsid.	(9,311)	(9,159)
Eq. in rent prop. gain on dispos.	(3,621)	(1,775)
Inc.-cont. oper.	\$ 12,782	\$ 6,465
Inc.-discont. oper.	279	979
Net Income	\$ 13,061	\$ 7,444

* Included in Costs and Expenses, Depreciation and Amortization: \$1,713,000 in 1987 and \$1,674,000 in 1986.

Assets (000's)

As of Jan. 31	1987	1986
Cash	\$ 4,228	\$ 3,884
Notes & accounts receiv.	119,901	117,628
*Inventories	16,800	36,273
Deferred inc. tax	1,324	36,273
Prepaid expenses	570	545
Current Assets	\$ 142,823	\$ 159,557
Real estate for sale & develop.	57,305	41,880
Investments	74,063	54,561
*Fixed assets	7,158	7,321
Other assets	25,977	9,286
Net assets-discont. oper.	37,341	30,417
Total Assets	\$ 344,667	\$ 303,022

Liabilities (000's)

Notes & loans payable	\$ 12,524	\$ 26,151
Long-term debt, curr.	1,041	3,781
Accts. payable & accruals	127,530	120,779
Curr. Liabilities	\$ 141,095	\$ 150,711
Long-term debt	63,960	38,818
7 1/4% debentures	40,000	—
Loans from affil.	7,446	32,720
Other payables	7,204	6,545
Deferred inc. taxes + Common stock	3,647	3,823
Class A	1,352	1,351
Class B	1,297	1,298

Add. paid-in capital	7,229	7,229
Retained earnings	71,437	60,527
Total Liabilities & Shareholders' Equity	\$ 344,667	\$ 303,022

* At 100% of cost (specific ident. or average) or market.
‡ Less accumulated depreciation and amortization.
+ \$0.33 1/2 per share value

Statistical Summary

%Net Income to Equity	16.06	10.57
Debt to Equity	0.95	0.98
Working Capital	\$ 1,728,000	\$ 8,846,000
Current Ratio	1.01	1.06
Shareholders' Equity	\$81,315,000	\$70,405,000

Frederick's of Hollywood, Inc.

6608 Hollywood Boulevard
Los Angeles, California 90028
(213) 466-5151

Officers: George W. Townson, chairman & chief executive officer; John B. Hatfield, sr. v.p.-finance & administration & secretary; Marshall F. Coil, v.p.-systems, procedures & internal audit; L. Colleen Menery, v.p.-finance & treasurer; Ronald G. Pearson, asst. treasurer & controller; James P. Glenn, v.p.-personnel; Nitin Parikh, v.p.-planning and analysis; William E. Kavan, v.p.-management information systems.

Directors: George W. Townson, Morton R. Field, Harriett Mellinger, Hugh Hunter, William J. Barrett, Richard O. Starbird, Sylvan Lefcoe.

Business Activities: Engaged in the retail sale of women's apparel under the names Frederick's of Hollywood and Private Moments through stores in 33 states and through mail order.

Transfer Agent(s):

U.S. Stock Transfer Corp.
1745 Gardens Avenue
Glendale, California 91204

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): American

Ticker Symbol: FHO

Number of Stores: (at fiscal year end)

1986	136	1983	140
1985	141	1982	136
1984	147		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 48,929,000	\$ (518,000)
1985	45,464,000	(148,000)
1984	45,291,000	627,000
1983	44,349,000	1,039,000
1982*	41,552,000	1,463,000
	No. of Com. Shares +	Earn. per Share +
1986	1,656,000	\$ —
1985	1,656,000	—
1984	1,656,000	0.38
1983	1,655,000	0.63
1982*	1,643,000	0.89

(Loss)

* 53 weeks.

+ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—

1984	0.30	—	—
1983	0.39	5%	—
1982	0.36	10%	—

+ Adjusted to reflect stock dividends.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 12,357,000	\$ 7.46
1985	12,875,000	7.77
1984	13,023,000	7.86
1983	12,893,000	7.79
1982	12,479,000	7.60

+ Adjusted to reflect stock dividends.

Income Account *

Year ended	8/31/86	9/1/85
Net sales	\$ 48,929,000	\$ 45,464,000
Cost of sales	27,554,000	26,768,000
Expenses	22,593,000	19,061,000
Other income	(232,000)	(153,000)
Loss before taxes	\$ (986,000)	\$ (212,000)
Tax Credit	(468,000)	(64,000)
Net Loss	\$ (518,000)	\$ (148,000)

* Included in Costs and Expenses. Depreciation and Amortization: \$1,364,000 in 1986 and \$1,149,000 in 1985.

Assets

As of	8/31/86	9/1/85
Cash	\$ 1,725,000	\$ 3,527,000
Accts. receiv., net	283,000	323,000
Income taxes	633,000	274,000
*Inventories	5,839,000	4,777,000
Prepaid expenses	1,237,000	756,000
Notes receiv.	—	200,000
Current Assets	\$ 9,717,000	\$ 9,757,000
#Fixed assets	7,571,000	6,278,000
Notes receivable	1,927,000	1,920,000
Other assets	57,000	71,000
Total Assets	\$ 19,272,000	\$ 18,028,000

Liabilities

Accts. payable	\$ 4,017,000	\$ 2,166,000
Long-term debt, curr.	190,000	190,000
Accruals	1,277,000	1,270,000
Curr. Liabilities	\$ 5,484,000	\$ 3,626,000
Long-term debt	854,000	1,044,000
Deferred inc. taxes	577,000	483,000
+ Common stock	1,656,000	1,656,000
Add. paid-in capital	2,019,000	2,019,000
Retained earnings	8,682,000	9,200,000

Total Liabilities & Shareholders' Equity \$ 19,272,000 \$ 18,028,000

* At lower of cost (by retail method) or market on the FIFO basis.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

Sales to Inventories	8.38	9.52
Debt to Equity	0.08	0.10
Working Capital	\$ 4,233,000	\$ 6,133,000
Current Ratio	1.77	2.69
Shareholders' Equity	\$12,357,000	\$12,875,000

Officers: Donald G. Fisher, chairman, & chief exec. officer; Millard S. Drexler, president; Maurice W. Gregg, exec. v.p. & chief financial officer; John P. Carver, sr. v.p.-human resources; Edward A. Strobin, sr. v.p.; Alan E. Zimbaum, sr. v.p. & chief financial officer; John F. Sweers, v.p.-distribution; Dexter C. Tight, sr. v.p.; Steven B. Kaplan, v.p.-real estate; James A. Carolan, v.p.-management systems; William D. Richins, v.p. & controller; David R. Jackson, v.p. & asst. gen. counsel; Warren R. Hashagen, treasurer; Alan W. Reed, managing director—Gap Europe.

Directors: Donald G. Fisher, John G. Bowes, Alfred H. Daniels, Doris F. Fisher, Brooks Walker, Jr., Henry W. Pattison, Millard S. Drexler, Charles R. Schwab.

Business Activities: The company is a specialty retailer whose major division is the Gap Stores, a nationwide chain of 649 stores selling moderately priced jeans-related casual and activewear clothing for men and women. Also operates 10 GapKids stores for children and 65 Banana Republic stores, which sell travel and safari casual wear.

Subsidiaries:

Banana Republic, Inc.
San Francisco, California
Retailer of travel and safari casual wear.

Transfer Agent(s):

Wells Fargo Bank, N.A.
San Francisco, California

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: GPS

Number of Stores: (at fiscal year end)

1986	724	1983	550
1985	648	1982	545
1984	594		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 848,009,000	\$ 68,099,000
1986	647,333,000	27,767,000
1985*	518,229,000	12,230,000
1984	480,515,000	21,607,000
1983	444,929,000	18,216,000

No. of Com. Shares †

1987	35,298,760	\$ 1.93
1986	34,178,834	0.81
1985*	33,783,368	0.36
1984	33,112,708	0.63
1983	30,506,932	0.58

* 53 weeks.

† Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$0.31	—	2-for-1
1986	0.139	—	2-for-1
1985	0.125	—	—
1984	0.10	—	—
1983	0.088	—	3-for-2

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 211,953,000	\$ 5.96
1986	151,643,000	4.32
1985	126,116,000	3.74
1984	121,249,000	3.56
1983	83,671,000	2.74

† Adjusted to reflect stock splits.

Income Account *
(000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 848,009	\$ 647,333
Cost of sales	499,976	413,181
Expenses	209,165	162,808
Interest expense	1,640	3,456
Income before taxes	\$ 137,228	\$ 67,888
Income taxes	69,129	33,451
Inc. - cont. oper.	\$ 68,099	\$ 34,437
Loss - discount. oper.	—	(6,730)
Net Income	\$ 68,099	\$ 27,707

* Included in Cost and Expenses. Depreciation and Amortization: \$20,943,000 in 1987 and \$16,090,000 in 1986.

Assets
(000's)

As of	1/31/87	2/1/86
Cash & comm. paper	\$ 63,837	\$ 22,834
Accts. receiv. net	7,500	4,600
*Inventories	146,021	117,729
Prepaid expenses	11,251	15,056
Net assets-disc. oper.	1,826	8,207
Current Assets	\$ 230,435	\$ 168,426
#Fixed assets	117,185	93,965
Other assets	7,149	3,425
Lease rights	9,093	5,898
Total Assets	\$ 363,862	\$ 271,714

Liabilities
(000's)

Long-term liab., curr.	\$ 826	\$ 739
Accts. payable	55,138	39,804
Accruals	41,283	31,436
Income taxes	20,848	4,910
Notes payable	—	12,319
Long-term debt, curr.	1,500	—
Curr. Liabilities	\$ 119,595	\$ 89,208
Long-term debt	13,500	15,000
Other liabilities	6,434	4,402
Deferred credits	12,380	11,561
+ Common stock	1,778	1,756
Add. paid-in capital	40,923	32,376
Retained earnings	169,252	117,511
Total Liabilities & Shareholders' Equity	\$ 363,862	\$ 271,714

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	16.18	—
%Net Income to Sales	8.03	—
%Net Income to Equity	32.13	18.27
Sales to Inventories	5.81	5.50
Debt to Equity	0.07	0.10
Working Capital	\$110,840,000	\$ 79,218,000
Current Ratio	1.93	1.89
Shareholders' Equity	\$211,953,000	\$151,643,000

The Gap, Inc.

P.O. Box 60
900 Cherry Avenue
San Bruno, California 94066
(415) 952-4400

Gendis Inc.

1370 Sony Place
Winnipeg, Manitoba, Canada R3C 3C3
(204) 474-5200

Gendis Inc.

Officers: Albert D. Cohen, pres. & chief exec. officer; G. Allan Mackenzie, exec. v.p. & chief operating officer; Harry B. Cohen, Joseph H. Cohen, H. Murray Heseltine, John C. Cohen, Morley M. Cohen, v.p.'s; Samuel N. Cohen, v.p. & treasurer; Patrick J. Matthews, v.p.-finance; William Pounder, comptroller; N. Paul Cloutier, secretary; Richard H. Brusegard, asst. secretary.

Directors: Albert D. Cohen*, Harry B. Cohen, John C. Cohen, Joseph H. Cohen, Morley M. Cohen*, G.R. Hunter, Samuel N. Cohen*, Edson Boyd*, S. Ronald Baaford, E.C. Lumley, G.A. Mackenzie*, Fred H. McNeil.

* Member of the Executive Committee.

Business Activities: The Company, through wholly-owned subsidiaries, participates in the Canadian merchandising and distribution industry. The Company owns 51% of Sony of Canada, Ltd., a joint venture that distributes all Sony products under the name of The Sony Store through 43 retail outlets across Canada. The Company also operates 391 junior department and family clothing stores across Canada. The Company is also involved in oil and gas exploration and development, and in real estate management.

Divisions and Subsidiaries:

Metropolitan Stores of Canada Limited (100% owned)
Property holding company.

Metropolitan Stores (M.T.S.) Ltd.
Junior department stores.

MTS Discount
Discount stores.

Saan Stores Ltd.
1370 Sony Place, Fort Garry
Winnipeg, Manitoba R3C 3C3
Family clothing stores.

Saan for Kids
Children's clothes.

Greenberg Stores Limited
9150 Park Avenue
Montreal 354, Quebec
Family clothing stores.

Sony of Canada Ltd. (51% owned)
Canadian distributor of Sony products.

Transfer Agent(s):

Canada Trust
Commodity Exchange Tower
360 Main Street
Winnipeg, Manitoba, Canada

Stock Exchange(s): Toronto

Ticker Symbol: GDS

Number of Stores: (at fiscal year end)

	1987	1984	1983
1987	434	312	
1986	411	312	
1985	374		

Sales and Earnings

	Net Sales	Net Income \$
1987	\$ 588,536,000	\$ 22,522,000
1986	521,652,000	25,667,000
1985	474,005,000	20,172,000
1984	434,906,000	19,086,000
1983	380,674,000	10,839,000

No. of Com. Shares #

	1987	1984	1983
1987	18,749,400	\$ 1.20	
1986	18,749,400	1.37	
1985	18,749,400	1.07	
1984	18,749,400	1.04	
1983	16,705,782	0.65	

‡ Including extraordinary loss of \$1,786,000 (\$0.10 per share) in 1985.

Based on Class A and Class B common shares adjusted to reflect stock splits.

+ Based on the weighted monthly average number of Class A and Class B common shares adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.40	—	2-for-1
1986	0.31	—	—
1985	0.27	—	—
1984	0.23	—	4-for-3
1983	0.19	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 141,252,000	\$ 7.52
1986	126,485,000	6.72
1985	106,520,000	5.67
1984	91,476,000	4.88
1983	70,498,000	4.19

+ Adjusted to reflect stock splits.

Income Account

Year ended Jan. 31	1987	1986
Net sales	\$ 588,536,000	\$ 521,652,000
Cost of sales	531,628,000	464,241,000
Depreciation, amort. & depletion	9,699,000	8,703,000
Interest expense	31,000	19,000
Other interest	3,157,000	2,803,000
Income before taxes	\$ 44,021,000	\$ 45,886,000
Income taxes	21,499,000	20,219,000
Net Income	\$ 22,522,000	\$ 25,667,000

Assets

As of Jan. 31	1987	1986
Cash & short-term deposits	\$ 4,071,000	\$ 38,004,000
Receiv., net	14,876,000	16,862,000
Due from Sony of Canada	8,821,000	—
*Inventories	147,690,000	116,830,000
Prepaid expenses	3,991,000	3,128,000
Current Assets	\$ 179,449,000	\$ 174,824,000
Investments	34,000	207,000
*Fixed assets	81,645,000	73,347,000
Other assets	889,000	889,000
Total Assets	\$ 262,017,000	\$ 249,267,000

Liabilities

	1987	1986
Bank advances	\$ 7,016,000	\$ 4,663,000
Short-term notes payable	24,075,000	—
Long-term debt, curr.	101,000	176,000
Accts. payable & accruals	73,971,000	79,448,000
Income & other taxes	6,879,000	10,926,000
Due to Sony of Canada	—	18,732,000
Curr. Liabilities	\$ 112,042,000	\$ 113,945,000
Long-term debt	242,000	343,000
Deferred inc. taxes	8,481,000	8,494,000
+ Common stock	12,902,000	13,148,000
Retained earnings	128,350,000	113,337,000
Total Liabilities & Shareholders' Equity	\$ 262,017,000	\$ 249,267,000

* At lower of cost and net realizable value.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

	1987	1986
%Income bef. Taxes to Sales	7.48	8.80
%Net Income to Sales	3.83	4.92
%Net Income to Equity	15.94	20.29
Sales to Inventories	3.98	4.47
Debt to Equity	0.22	0.04
Working Capital	\$ 67,407,000	\$ 60,879,000
Current Ratio	1.60	1.53
Shareholders' Equity	\$141,252,000	\$126,485,000

General Building Products Corp.

2599 Route 112
Medford, New York 11763
(516) 654-3500

Officers: Bruce G. Meltzer, chairman & president; Thomas J. Flaherty, exec. v.p. & secretary; Robert S. Koebele, v.p.-finance & treasurer; Andrew J. Guerrasio, v.p.

Directors: Bruce G. Meltzer, chairman; Thomas J. Flaherty, Robert S. Koebele, William M. Kaplan, Steven A. Klar, Jeffrey S. Silberman.

Business Activities: Markets and sells lumber and building supplies to professional building contractors and, through its four home and building supply centers, to retail customers in the Long Island and Hudson Valley areas of New York.

Transfer Agent(s):

Continental Stock Transfer & Trust Company

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GBLD (NASDAQ)

Number of Stores: (at fiscal year end)

1986

Sales and Earnings

	Net Sales	Net Income
1986	\$ 57,372,000	\$ 2,008,000
1985*	43,615,000	989,000
1984	28,580,000	538,000
1983	17,118,000	221,000
1982	12,196,000	12,000

	No. of Com. Shares †	Earn. per Share ‡
1986	3,000,000	\$ 0.67
1985*	3,000,000	0.33
1984	3,000,000	0.18
1983	3,000,000	0.07
1982	3,000,000	—

* 53 weeks.

† Adjusted to reflect recapitalization.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect recapitalization.

Revenues By Line of Business

	1986	1985
Professional & wholesale	\$ 35,832,000	\$ 25,365,000
Retail	21,540,000	18,250,000
Total	\$ 57,372,000	\$ 43,615,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 4,099,803	\$ 1.37
1985	2,091,874	0.70
1984	1,102,386	0.37
1983	564,133	0.19

‡ Adjusted to reflect recapitalization.

Income Account *

Year ended	11/26/86	11/27/85 (53 weeks)
Net sales	\$ 57,371,891	\$ 43,614,548
Cost of sales	41,812,138	31,747,795
Expenses	11,007,449	9,178,309
Interest expense	676,060	696,830
Interest income	(199,719)	(140,311)
Income before taxes	\$ 4,075,963	\$ 2,131,925
Income taxes	2,068,034	1,142,437
Net Income	\$ 2,007,929	\$ 989,488

* Included in Costs and Expenses, Depreciation and Amortization: \$408,438 in 1986 and \$335,397 in 1985.

General Host Corporation

As of	Assets	
	11/26/86	11/27/85
Cash	\$ 480,910	\$ 579,181
Accts. receiv., net	7,725,543	5,248,485
*Inventories	7,025,302	5,828,407
Other curr. assets	169,051	207,407
Current Assets	\$ 15,400,806	\$ 11,863,480
#Fixed assets	2,021,635	1,789,181
Other assets	133,069	80,919
Total Assets	\$ 17,555,510	\$ 13,733,580
Liabilities		
Note payable to bank	\$ 4,600,000	\$ 2,800,000
Note payable to stockholder	—	390,000
Long-term debt, curr.	564,538	290,946
Accts. payable	3,497,603	3,915,563
Accruals	1,303,187	922,486
Income taxes	1,529,700	—
Deferred income taxes	1,001,000	783,000
Curr. Liabilities	\$ 12,496,028	\$ 9,101,995
Notes payable to stockholder	—	1,050,000
Long-term debt	833,579	1,395,411
Deferred inc. taxes	126,100	94,300
+ Common stock	150,000	60,000
Retained earnings	3,949,803	2,031,874
Total Liabilities & Shareholders' Equity	\$ 17,555,510	\$ 13,733,580

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$0.05 par value in 1986; no par value in 1985.

Statistical Summary		
%Income bef. Taxes to Sales	7.10	4.89
%Net Income to Sales	3.50	2.27
%Net Income to Equity	48.98	47.30
Sales to Inventories	8.17	7.48
Debt to Equity	1.46	2.83
Working Capital	\$2,904,778	\$2,761,485
Current Ratio	1.23	1.30
Shareholders' Equity	\$4,099,803	\$2,091,874

Divisions and Subsidiaries:

American Salt Company
 3142 Broadway
 Kansas City, Missouri 64111
 (816) 753-7100

Frank's Nursery & Crafts, Inc.
 6399 E. Nevada
 Detroit, Michigan 48234

Hickory Farms of Ohio
 300 Holland Road
 Maumee, Ohio 43527
 (419) 893-7611

The All American Gourmet Company (75% owned)
 Orange, California

Flower Time, Inc.
 1178 Route 109
 Lindenhurst, New York 11757
 (516) 957-3300

Scotts Seaboard Corporation
 Retail chain of 17 home improvement centers in the Baltimore-Washington area.

Transfer Agent(s):

Manufacturers Hanover Trust Company
 450 West 33rd Street
 New York, N.Y. 10001

Stock Exchange(s): New York, Pacific

Ticker Symbol: GH

Number of Stores: (at fiscal year end)

1986	602	1983	1,013
1985	606	1982	805
1984	644		

Sales and Earnings

	Net Sales † (000's)	Net Income ‡ (000's)
1986	\$ 648,419	\$ 4,674
1985	518,784	29,720
1984	502,961	92,122
1983	418,333	17,949
1982	236,740	9,681
	No. of Com. Shares +	Earn per Share #‡
1986	24,875,000	1.018
1985	26,663,000	1.08
1984	28,342,000	3.24
1983	28,513,000	0.62
1982	29,311,000	0.42

† Of continuing operations only.

‡ Including extraordinary losses of \$3,000,000 (\$0.11 per share) in 1986 and \$1,400,000 (\$0.05 per share) in 1982.

+ Adjusted to reflect stock splits.

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business (000's)

	1986	1985
Nursery & Craft stores	\$ 321,530	\$ 256,284
Specialty food stores	119,717	143,204
Frozen food prods.	181,595	91,251
Salt & agricultural prods.	25,577	28,045
Total	\$ 648,419	\$ 518,784

Common Stock

	Cash Dividend#	Stock Dividend	Stock Split
1986	\$0.225	—	—
1985	0.20	—	3-for-2
1984	0.178	—	3-for-2
1983	0.156	—	5-for-4
1982	0.142	—	5-for-4

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share#
1986	\$ 202,765,000	\$ —
1985	233,821,000	8.85
1984	228,051,000	8.10
1983	147,014,000	5.22
1982	134,503,000	4.78

Adjusted to reflect stock splits.

Income Account (000's)

Year ended	1/25/87	1/26/86
Net sales	\$ 648,419	\$ 518,784
Other income	35,029	28,040
Total income	\$ 683,448	\$ 546,824
Cost of sales	525,101	399,315
Expenses	114,520	84,022
Depreciation	20,321	16,680
Interest expense	27,608	22,284
Minority interest	1,286	379
Income (loss) before taxes	\$ (5,388)	\$ 24,144
Tax credit	(2,033)	(2,276)
Inc. (loss)-cont. oper.	\$ (3,355)	\$ 26,420
Inc.-discont. oper.	11,029	3,300
Net Income	\$ 7,674	\$ 29,720
Extraord. loss	(3,000)	—
Net Income & extraord. loss	\$ 4,674	\$ 29,720

Assets (000's)

As of	1/25/87	1/26/85
Cash	\$ 34,495	\$ 21,034
Marketable securities	136,200	148,798
Accts. & notes receiv., net	40,473	38,899
*Inventories	114,372	85,297
Prepaid expenses	6,073	4,548
Current Assets	\$ 331,613	\$ 298,576
#Fixed Assets	296,147	237,693
Intangibles and other assets	63,786	59,507
Total Assets	\$ 691,546	\$ 595,776

Liabilities (000's)

Long-term debt, curr.	\$ 8,506	\$ 8,469
Accts. payable	96,636	61,315
Accruals	45,458	35,837
Curr. Liabilities	\$ 150,600	\$ 105,621
Long-term debt	303,000	225,376
Reserves & defer. credits	24,408	25,924
Minority interest	10,750	5,034
+ Common stock	31,752	31,752
Add. paid-in capital	89,589	89,021
Retained earnings	145,333	146,549
Treasury stock	(62,154)	(31,313)
Notes receiv. - stock option	1,755	(2,188)
Total Liabilities & Shareholders' Equity	\$ 691,546	\$ 595,776

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Net Income to Equity	3.78	12.71
Sales to Inventories	5.67	6.82
Debt to Equity	1.54	1.00
Working Capital	\$181,013,000	\$192,955,000
Current Ratio	2.20	2.83
Shareholders' Equity	\$202,765,000	\$233,821,000

General Host Corporation

22 Gate House Road
 P.O. Box 10045
 Stamford, Connecticut 06904
 (203) 357-9900

Officers: Harris J. Ashton, chairman of the board, president & chief executive officer; James C. Hull, v.p. & controller; Daniel J. Gilmartin, dir.-planning; Walter B. Rogers, dir.-corp. communications; William F. Downey, secretary; Robert G. Kuthbach, gen. counsel.

Directors: Charles B. Johnson*, C. Whitcomb Alden, Jr., Harris J. Ashton*, William F. Downey*, Weston E. Hamilton, Philip B. Harley, Richard W. Haskel, Edward H. Hoonstra, Christopher A. Forster.

* Member of the Executive Committee.

Business Activities: Engaged in the operation of 183 Frank's Nursery & Craft retail stores located in 12 states in the eastern half of the U.S.; and 34 Flower Time garden and craft centers in New York, New Jersey, Massachusetts and Connecticut; also operates 264 Hickory Farms of Ohio specialty food retail stores and franchises an additional 257 stores located in shopping malls throughout the United States, and 104 Corn Dog on a Stick stores selling "corn dogs" in shopping malls, in 30 states. The All American Gourmet Company subsidiary manufactures and markets frozen entrees under The Budget Gourmet label.

General Mills, Inc.

General Mills, Inc.

9200 Wayzata Boulevard
P.O. Box 1113
Minneapolis, Minnesota 55440
(612) 540-2311

Officers: H. Brewster Atwater, Jr., chairman of the board & chief exec. officer; F. Caleb Blodgett, vice chairman & chief financial & administrative officer; Mark H. Willes, president; Walter R. Barry, Jr., Joe R. Lee, Arthur R. Schulze, Stephen M. Rothschild, David R. Waters, exec. v.p.'s; John L. Frost, sr. v.p.-personnel; John V. Luck, sr. v.p. & technical director; Thomas P. Nelson, sr. v.p. & controller; Clifford L. Whitehill, sr. v.p., secretary & general counsel; Charles W. Gaillard, sr. v.p. & gen. mgr. - Big G Division; David E. Kelby, sr. v.p. & treasurer.

Directors: H. Brewster Atwater, Jr., Betsy Ancker-Johnson, F. Caleb Blodgett*, N. Bud Grossman, Lewis W. Lehr*, John W. Morrison*, Gwendolyn A. Newkirk, William F. Pounds, Edward S. Reid*, George Putnam, Frederick W. Smith, Richard M. Bressler, Mark H. Willes*, C. Angus Wurtele, Joe R. Lee, Michael D. Rose.

* Member of the Executive Committee.

Business Activities: Engaged in the production and marketing of food products (breakfast and snack items, mixes, flour, seafood, etc.); commercial foods and ingredients; restaurant activities; and retail operations through Eddie Bauer, Inc., which sells men's and women's apparel as well as camping and outdoor equipment through its 39 Eddie Bauer stores; the Talbots, Inc., which sells classic women's clothing and accessories through its 84 Talbots stores; and Pennsylvania House/Kittinger which manufactures and retails furniture through seven outlets. Eddie Bauer and The Talbots sell by mail order catalogs as well as through retail sales.

Divisions and Subsidiaries:

Eddie Bauer, Inc.
15010 N.E. 36th Street
Redmond, Washington 98052
(206) 882-6100
Outdoor recreational and sporting clothing and equipment.

The Talbots, Inc.
175 Beal Street
Hingham, Massachusetts 02043
(617) 749-7600
Retail and mail catalog sales of men's and women's clothing.

Pennsylvania House/Kittinger
Manufactures and retails furniture.

York Steak House
Operates 114 cafeteria-style restaurants.

Red Lobster Inns
Operates 389 seafood restaurants in 34 states and nine in Canada.

Leeann Chin's, Inc.
Operates three Chinese buffet restaurants and five carry-out units in the Minneapolis-St. Paul area.

Vroman Foods
Manufacturer of ice cream specialties and other frozen snack products.

Olive Garden
Operates 14 Italian style restaurants.

Transfer Agent(s):

First Trust Company, Inc.
c/o Mellon Securities Transfer Services
67 Broad Street
New York, New York 10004

First Trust Company, Inc.
P.O. Box 64008
St. Paul, Minnesota 55164

Stock Exchange(s): New York, Midwest

Ticker Symbol: GIS

Number of Stores: (at fiscal year end)

1986	135	1983	244
1985	126	1982	224
1984	224		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	\$ 4,586,600	\$ 183,500
1985	4,285,200	(72,900)
1984	5,600,800	233,400
1983	5,500,800	245,100
1982	5,312,100	225,500
	No. of Com. Shares ‡	Earn. per Share ‡
1986	44,600,000	\$ 4.11
1985	44,700,000	—
1984	46,900,000	4.98
1983	50,100,000	4.89
1982	50,560,000	4.46

(Loss)

‡ Of continuing operations only.

* Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Consumer foods	\$ 3,061,300	\$ 2,771,300
Restaurants	1,051,000	1,140,100
Spec. ret. & other	474,300	373,800
Total Sales	\$ 4,586,600	\$ 4,285,200

Of continuing operations only.

Sales and Earnings

	Revenue	Net Income
1986	\$ 342,591,000	\$ 6,591,000
1985	370,396,000	(15,520,000)
1984	390,349,000	11,033,000
1983	374,914,000	24,933,000
1982	355,214,000	24,877,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	33,095,000	\$ 0.20
1985	33,057,000	—
1984	33,056,000	0.33
1983	33,056,000	0.75
1982	33,056,000	0.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues by Line of Business

	1986	1985
Retail and other	88.6%	92.0%
Manufacturing	2.7	0.2
Specialty business	8.7	7.8
Total	100.0%	100.0%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.14	—	—
1982	0.05	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 97,114,000	\$ 2.93
1985	95,297,000	2.88
1984	116,104,000	3.51
1983	110,926,000	3.36
1982	90,759,000	2.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 342,591	\$ 370,396
Cost of sales	225,391	242,611
Expenses	102,629	113,827
Loss on closing for oper.	3,897	1,403
Interest expense	1,555	1,569
Prov. for store closing costs	1,000	25,106
Litigation settlement	—	17,500
Income (loss) before taxes	\$ 8,119	\$ (31,620)
Income taxes	1,528	(16,100)
Net Income	\$ 6,591	\$ (15,520)

* Included in Costs and Expenses, Depreciation and Amortization: \$16,525,000 in 1986 and \$17,909,000 in 1985.

Assets

As of	1/31/87	2/1/86
Cash	\$ 6,536	\$ 7,820
Accts. receiv., net	7,047	1,631
Refundable taxes	3,520	14,649
*Inventories	64,672	52,475
Other curr. assets	3,312	6,694
Current Assets	\$ 85,087	\$ 83,269
#Fixed assets	81,872	83,412
Total Assets	\$ 166,959	\$ 166,681

General Nutrition Incorporated

921 Penn Avenue
Pittsburgh, Pennsylvania 15222
(412) 288-4600

Officers: Jerry D. Horn, chairman of the board, president & chief executive officer; Charles A. Koempel, executive vice president; Robert V. Dunn, sr. v.p.-law & administration; R. Craig Kirsch, sr. v.p. & chief financial officer; William E. Watts, sr. v.p.-retailing; Joseph J. Fink, v.p.-management information services; Kern L. Gillette, v.p.-corporate development; Rodney L. Hamilton, v.p.-merchandising; Carl E. Larson, Jr., v.p.-specialty business; David E. Walsh, v.p. & president-General Nutrition Products, Inc.

Directors: Jerry D. Horn, chairman of the board; Edward G. Beimfohr, Robert D. Buzzell, Robert V. Dunn, Lex N. Gamble, R. Craig Kirsch, Charles A. Koempel, David Lucas, Lois V. Shakarian James, William E. Watts.

Business Activities: Operates 1,108 retail stores which specialize in the sale of nutritional, personal care and other health-related products. Also manufactures a variety of nutritional and food products which are sold through the Company's retail stores and through its mail order division.

Subsidiary:

General Nutrition Products, Inc.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15219

Stock Exchange(s): New York

Ticker Symbol: GNC

Number of Stores: (at fiscal year end)

1986	1,108	1983	1,224
1985	1,134	1982	1,052
1984	1,308		

Liabilities (000's)			
Notes payable	\$	1,000	\$ —
Long-term debt, curr.		2,439	2,798
Accts. payable		19,346	22,460
Accrued payroll		7,077	7,481
Accrued store closing costs		4,998	7,491
Other current liabilities		9,848	9,991
Curr. Liabilities	\$	44,708	\$ 50,221
Long-term debt		20,715	18,155
Deferred inc. taxes		4,422	3,008
+ Common stock		4,095	4,072
Retained earnings		93,272	91,362
Treasury stock		(253)	(137)
Total Liabilities & Shareholders' Equity	\$	97,114	\$ 95,297

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.37	—
%Net Income to Sales	1.92	—
%Net Income to Equity	6.79	—
Sales to Inventories	5.30	7.06
Debt to Equity	0.25	0.22
Working Capital	\$40,379,000	\$33,048,000
Current Ratio	1.90	1.66
Shareholders' Equity	\$97,114,000	\$95,297,000

Genesco Inc.

Genesco Park
Nashville, Tennessee 37202
(615) 367-7000

Officers: William S. Wire, II, chairman, president & chief executive officer; Larry B. Shelton, exec. v.p., president & chief exec. officer-The Greif Companies; Thomas B. Clark, v.p. & general counsel; Don R. Martin, v.p.-human resources; William C. O'Connor, secretary; James S. Gulmi, v.p. & treasurer; Richard L. Daniels, v.p. & pres.-Performance Polimers International; William Dragon, Jr., exec. v.p. & gen. mgr.-U. S. Footwear Group.

Directors: William S. Wire*, chairman; Sidney Davidson*, John Diebold*, Harry D. Garber*, Edward E. Watson*, Toby S. Wilt*, Richard A. Voell*, William Dragon, Jr., J. Owen Howell, Jr.*, Larry B. Shelton.

* Member of the Executive Committee.

Business Activities: Genesco's business falls into three major areas: retailing, footwear, and men's apparel manufacturing. Operates 698 stores and leased departments throughout the U.S.

Divisions and Subsidiaries: Manufacturing and Wholesale:

Mitre Sports
Genesco Park, Room 328
Nashville, Tennessee 37202
(615) 367-7475
Athletic shoes.

Southern Sole
940 Trinity Lane
Nashville, Tennessee 37202
(615) 367-8473
Cut soles, insoles, findings and unit shoes.

Laredo/Cedar Crest Boots
Genesco Park
Nashville, Tennessee 37202
(615) 367-7138
Laredo western boots for men, women, and children.
Cedar Crest work, safety and sport shoes.

Charm Step Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-7113
Women's popular priced shoes.

Dominion Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-8135
Shoes for private label volume trade.

Footwear-Distribution Centers
Genesco Park
Nashville, Tennessee 37202

Valmart Distributing
Genesco Park
Nashville, Tennessee 37202
(615) 367-8220
Wholesale factory-damaged shoes.

Volunteer Leather
Genesco Park
Nashville, Tennessee 37202
(615) 367-8261
Side leather tanning, finishing and distributing.

Johnston & Murphy Shoe Company
Genesco Park
Nashville, Tennessee 37202
(615) 367-8101
J & M Frank Bros. shoes for men, Johnston & Murphy men's shoes; operates 90 retail shoe stores and 40 leased departments.

Greif Companies
939 Marcon Boulevard
P.O. Box 9000
Allentown, Pennsylvania 18001
(215) 266-2200
Men's and women's clothes.

Nashville Boot Division
Nashville, Tennessee
Western-style boots.

Wrangler
Genesco Park
Nashville, Tennessee 37202
(615) 367-7343
Wrangler casual shoes for men and women and selected styles of Mitre athletic shoes.

Genesco Retail:

Foot Scene
Genesco Park
Nashville, Tennessee 37202
(615) 367-7513
Popular priced family shoe stores.

Genesco Factory To You Shoes
Genesco Park
Nashville, Tennessee 37202
(615) 367-7363
Family footwear and accessories at factory prices.

Hardy Shoe Stores
Genesco Park
Nashville, Tennessee 37202
(615) 367-7444
Popular priced men's shoe stores.

Jarman/Flagg
Genesco Park
Nashville, Tennessee 37202
(615) 367-7222
Men's shoe stores and leased departments featuring Jarman shoes.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
(common & preferred stock)
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Midwest

Ticker Symbol: GCO

Number of Stores: (at fiscal year end)

1986	698	1983	1,157
1985	1,088	1982	1,194
1984	1,098		

Sales and Earnings

	Net Sales † (000's)	Net Income ‡ (000's)
1987	\$ 514,589	\$ 20,426
1986	538,486	(33,929)
1985*	297,372	4,548
1984	606,264	18,745
1983	639,761	(1,971)

	No. of Com. Shares	Earn. per Share #4
1987	15,173,821	\$ 1.20
1986	15,098,821	—
1985*	15,080,800	0.23
1984	15,044,934	1.08
1983	14,419,621	—

* 6 months.

(Loss)

† Of continuing operations only.

‡ Including extraordinary gains of \$5,199,000 (\$0.34 per share) in 1987, \$271,000 (\$0.01 per share) in 1985, \$3,395,000 (\$0.22 per share) in 1984, and \$1,001,000 (\$0.07 per share) in 1983.

Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1987	1986
Footwear:		
Shoes & hosiery	\$ 187,381	\$ 180,574
Raw materials	114,258	120,020
Total Footwear	\$ 301,639	\$ 300,594
Tailored clothing	93,336	94,819
Divested operations	119,614	143,073
Total	\$ 514,589	\$ 538,486

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 46,185,000	\$ 3.04
1986	19,701,000	1.30
1985	58,364,000	3.87
1984	55,141,000	3.67
1983	33,266,000	2.31

Income Account * (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 514,589	\$ 538,486
Cost of sales	325,545	351,073
Expenses	178,051	186,271
Prov. for restructuring	—	20,426
Interest expense	11,779	12,551
Other expense (income)	3,110	(2,001)
Gains on sales of divested oper.	(19,116)	—
Inc. (loss) bef. taxes	\$ 15,220	\$ (29,834)
Income taxes	9,626	5,976
Inc. (loss) cont. oper.	\$ 5,594	\$ (35,810)
Inc. - discont. oper.	9,633	1,881
Net Income (Loss)	\$ 15,227	\$ (33,929)
Extraord. gain	5,199	—
Net Income (Loss) & extraord. gain	\$ 20,426	\$ (33,929)

* Included in Costs and Expenses, Depreciation and Amortization: \$10,101,000 in 1987 and \$10,587,000 in 1986.

Assets (000's)

As of Jan. 31	1987	1986
Cash	\$ 8,566	\$ 10,332
Marketable securities	25,100	12,791
Contract receiv.	63,149	—

Genesco Inc.

Receiv., net	46,657	50,251
*Inventories	94,497	97,718
Prepaid expenses	3,224	2,747
Assets of discont. oper.	—	35,252

Curr. Assets	\$ 241,193	\$ 209,091
Other assets	6,487	6,149
#Fixed assets	42,379	54,860
Assets of discont. oper.	—	14,664

Total Assets	\$ 290,059	\$ 284,764
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Liabilities (000's)

Long-term debt, curr.	\$ 14,744	\$ 8,484
Capitalized lease oblig., curr.	1,530	3,027
Accts. payable & accruals	39,526	49,707
Prov. for oper. divested	12,224	7,212

Curr. Liabilities	\$ 68,024	\$ 68,430
Long-term debt	79,267	94,773
Cap. lease oblig.	12,925	19,384
Prov. for oper. divested	14,986	14,591
Other liabilities	4,238	4,929
Redeem. pref. stock	34,966	33,585
Preferred stock	29,468	29,371
+ Common stock	15,662	15,587
Add. paid-in capital	67,125	68,506
Accumulated deficit	(18,235)	(38,661)
Treasury stock	(17,857)	(17,857)
Emp. stock purch. accts.	(510)	(516)
For. curr. trans. adjust.	—	(7,358)

Total Liabilities & Shareholders' Equity	\$ 290,059	\$ 284,764
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* At lower of cost (FIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Net Income to Equity	20.13	—
Sales to Inventories	5.45	5.51
Debt to Equity	1.43	2.56
Working Capital	\$173,169,000	\$140,661,000
Current Ratio	3.55	3.06
Shareholders' Equity	\$ 75,653,000	\$ 49,072,000

Genovese Drug Stores, Inc.

80 Marcus Drive
Melville, New York 11747
(516) 420-1900

Officers: Leonard Genovese, chairman of the board & president; Herbert J. Kett, sr. v.p.; Allan Patrick, sr. v.p.; Jerome Stengel, v.p. & treasurer; Donald W. Gross, v.p. & secretary; Ralph J. Rescigno, Dominick Lettieri, Alan Patrick, Raymond Rescigno, J. Robert McCarthy, Dominick Lettieri, v.p.'s; Emil DiLollo, James Flinter, Owen Rees, asst. v.p.'s; Ronald LeTellier, controller; John Royce, dir. -distribution.

Directors: Frances A. Wangberg, Leonard Genovese, William J. McKenna, Herbert J. Kett, Benjamin F. Leventhal, Charles Hayward, Edward J. Brady, Abraham Allen, Allan Patrick.

Business Activities: Operates a chain of Genovese Drug Stores located in New York, New Jersey and Connecticut.

Divisions:

Genco Distributors Division
100 Orville Drive
Bohemia, New York 11716

A distributor of cosmetics, health and beauty aids, and sundries.

Living Color Labs
199 Glen Street
Glen Cove, New York 11542
Photo-finishing labs.

Genex Pharmacy Services
80 Marcus Drive
Melville, New York 11747

Transfer Agent(s):

American Stock Transfer Company
96 Wall Street
New York, New York 10005

Stock Exchange(s): American

Ticker Symbol: GDx

Number of Stores: (at fiscal year end)

1986	79	1983	66
1985	77	1982	61
1984	72		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 270,760,000	\$ 2,035,000
1986	233,174,000	2,929,000
1985	220,295,000	4,137,000
1984	193,772,000	3,856,000
1983	158,651,000	2,643,000

No. of Com. Shares ‡

	No. of Com. Shares ‡	Earn. per Share ‡
1987	4,021,629	\$ 0.51
1986	4,032,286	0.73
1985	4,031,921	1.03
1984	4,020,306	0.96
1983	3,969,686	0.67

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	\$0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.16	20%	2-for-1
1983	0.10	—	—

‡ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 26,388,000	\$ 6.56
1986	25,257,000	6.26
1985	23,135,000	5.74
1984	19,816,000	4.93
1983	16,418,000	4.14

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Income Account *

Year ended	1/30/87	1/31/86
Net sales	\$ 270,760,000	\$ 233,174,000
Cost of sales	191,790,000	165,659,000
Expenses	72,925,000	65,512,000
Interest exp.	1,817,000	1,682,000
Gain on Sale	—	(4,265,000)
Income before taxes	\$ 4,228,000	\$ 4,586,000
Income taxes	2,193,000	1,657,000
Net Income	\$ 2,035,000	\$ 2,929,000

* Included in Costs and Expenses, Depreciation and Amortization: \$2,555,000 in 1987 and \$2,295,000 in 1986.

Assets

As of	1/30/87	1/31/86
Cash	\$ 885,000	\$ 280,000
Receiv., net	5,284,000	4,333,000
Refundable income taxes	—	662,000
*Inventories	47,240,000	43,603,000
Prepaid expenses	884,000	674,000
Current Assets	\$ 54,293,000	\$ 49,552,000

#Fixed assets	17,364,000	17,786,000
Funds held in escrow	8,251,000	7,990,000
Other assets & deferred charges	1,203,000	1,800,000

Total Assets	\$ 81,111,000	\$ 77,128,000
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Liability

Notes payable	\$ 489,000	\$ 458,000
Long-term debt, curr.	1,234,000	1,420,000
Accts. payable	22,514,000	19,629,000
Accruals	3,385,000	2,951,000
Income taxes	257,000	—
Income taxes	903,000	744,000
Other taxes	1,833,000	1,429,000

Curr. Liabilities	\$ 30,615,000	\$ 26,631,000
Long-term debt	20,661,000	22,280,000
Deferred income taxes	3,447,000	2,960,000
+ Common stock	4,049,000	4,049,000
Add. paid-in capital	7,216,000	7,213,000
Retained earnings	15,424,000	14,193,000
Treasury stock	(301,000)	(198,000)

Total Liabilities & Shareholders' Equity	\$ 81,111,000	\$ 77,128,000
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* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.56	1.97
%Net Income to Sales	0.75	1.26
%Net Income to Equity	7.71	11.60
Sales to Inventories	5.73	5.35
Debt to Equity	0.03	0.96
Working Capital	\$23,678,000	\$22,921,000
Current Ratio	1.77	1.86
Shareholders' Equity	\$26,388,000	\$25,257,000

George Weston Limited

22 St. Clair Avenue East
Suite 1901
Toronto, Ontario, Canada M4T 2S7
(416) 922-2500

Officers: W. Galen Weston, chairman of the board & president; Richard J. Currie, pres. -Food Distribution Group; Robert H. Kidd, sr. v.p. & chief financial officer; David A. Nichol, sr. v.p.; David R. Beatty, president-Food Processing Group; Earl R. Pearce, president-Resource Group; William A. Sloan, v.p.-finance; Ivan R. Franklin, v.p.-taxation; Stewart E. Green, v.p., secretary & gen. counsel; Terrence H. Wardrop, v.p.-financial control & administration; Michael R. Lambert, controller; John V. Laurie, treasurer.

Directors: W. Galen Weston, chairman; John C. Scarth, John D. Stevenson, Richard J. Currie, David A. Nichol, Mark Hoffman, Hugo Mann, Pauline McGibbon, Garry H. Weston, Robert H. Kidd, Earl R. Pearce, David R. Beatty, Robert I. Mitchell.

Business Activities: Diversified operations in food processing, fisheries, forest products, and wholesale-retail food distribution.

Divisions and Subsidiaries:

Wholesale and Retail

Canadian operations include wholesale and retail marketing of food and other products throughout Canada and food manufacturing for distribution in Canada and the United States. Also engaged in wholesale and retail distribution of food and other products in the central United States. The Company owns warehouses in strategic centers with supermarkets across Canada and the northeastern and south central United States. Also operates food manufacturing plants in Burnaby, British Columbia. United States facilities include supermarkets located primarily in the central United States with warehouses in many centers.

Canadian Operations

Loblaws Companies Limited (78% owned)
Atlantic Wholesalers
National Grocers
Zehmart
Kelly, Douglas & Company, Limited (73% owned)
National Tea
Loblaws Supermarket

United States Operations

National Tea Co.
Peter J. Schmitt Co., Inc.

Food Processing

Bakery Group
Produces and distributes a wide variety of baked goods throughout Canada.

Weston Bakeries Limited
Strohmann Bakeries
Soo Line Mills Limited
McCarthy Milling Company Limited

Biscuit Group

Manufactures and markets sweet biscuits, crackers, ice cream cones, confections and candies throughout Canada and the United States.

InterBake Foods Limited
Interbake Foods, Inc. (U.S.)

Chocolate & Dairy Group
Manufacturer of chocolate and chocolate products; produces ice cream and dairy products.

William Neilson Limited

Food Specialties Group
Manufactures a variety of toppings and other products for the baking confection, dairy and fountain industries. Packages and distributes a line of dried and glazed fruits, nuts, cereals and health foods. Produces liquid bulk and granulated and packaged white sugars.

Bowes Co. Ltd.

Fisheries

Major suppliers of Pacific coast salmon and a wide variety of fresh, frozen, canned and prepared seafoods, as well as fish meal and oil.

British Columbia Packers Limited
Connors Bros. Limited

Forest Products

Forest Products Group
Manufactures and distributes fine, specialty and kraft papers for printing, converting, packaging and wrapping; paperboard, kraft pulps, lumber, tissue, other household and industrial paper products.

Weston Resources Ltd.
Eddy Paper Company Limited
E.B. Eddy Forest Products Ltd.
Eastern Fine Paper Inc. (U.S.)

Acquisition(s):

Capitol Stores Ltd.
Halifax, Nova Scotia
Chain of six food stores.

Hickman, Coward and Wattles, Inc.
Buffalo, New York
Food wholesalers.

Kotok and Heims Corporation
Buffalo, New York
Food wholesalers.

Transfer Agent(s):

National Trust Company
Toronto, Montreal & Vancouver, Canada

Stock Exchange(s): Toronto, Montreal, Vancouver

Ticker Symbol: WN

Number of Stores: (at fiscal year end)

1986	N.A.	1983	539
1985	366	1982	506
1984	510		

N.A. - Not Available.

Sales and Earnings

	Net Sales (000's)	Net Income \$ (000's)
1986	\$ 10,026,100	\$ 118,600
1985	8,879,800	100,900
1984	8,254,700	93,500
1983	7,799,600	79,200
1982	7,830,462	68,727

+ Adjusted to reflect stock split.
‡ Including extraordinary gains of \$4,700,000 (\$0.10 per share) in 1984, \$600,000 (\$0.01 per share) in 1983 and \$16,133,000 (\$0.36 per share) in 1981 and extraordinary loss of \$1,712,000 (\$0.04 per share) in 1982.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.51	—	4-for-1
1985	0.44	—	—
1984	0.40	—	—
1983	0.39	—	—
1982	0.39	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity \$	Equity Per Share †
1986	\$ 759,460,000	\$ 16.52
1985	664,231,000	14.49
1984	587,462,000	12.84
1983	518,275,000	11.34
1982	457,690,000	10.12

‡ After allowing for preferred stock at redemption values.
† Adjusted to reflect stock split.

Income Account
(000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 10,026,100	\$ 8,879,800
Cost of sales	8,562,100	8,476,100
Depreciation	153,400	135,500
Interest expense	74,700	71,500
Income bef. taxes	\$ 235,900	\$ 196,700
Income taxes	92,400	75,600
Minority interest	24,900	20,200
Net Income	\$ 118,600	\$ 100,900

Assets
(000's)

As of Dec. 31	1986	1985
Cash & investments	\$ 89,900	\$ 7,300
Accts. receiv., net	415,400	382,000
Prof. for sale	17,300	7,700
*Inventories	925,800	804,700
Prepaid expenses	43,300	26,600
Current Assets	\$ 1,491,700	\$ 1,228,300
Investments	116,200	117,200
*Fixed assets	1,530,600	1,253,300
Other assets	35,000	17,600
Total Assets	\$ 3,173,500	\$ 2,616,400

Liabilities
(000's)

Bank advances & notes payable	\$ 85,100	\$ 92,900
Long-term debt, curr.	19,000	28,400
Cap. lease oblig. curr.	7,500	9,400

Accts. payable & accruals
Dividends payable
Income taxes

877,100	762,600
6,400	5,400
57,900	31,000

Curr. Liabilities	\$ 1,053,000	\$ 929,700
Long-term debt	571,500	463,300
Cap. lease oblig.	72,200	72,400
Other liabilities	32,700	31,600
Minority interest	260,300	169,500
Deferred inc. taxes	159,200	119,900
+ Preferred stock	264,600	165,200
+ + Common stock	30,000	29,200
Retained earnings	698,300	614,900
For. curr. trans.	31,700	20,700

Total Liabilities & Shareholders' Equity \$ 3,173,500 \$ 2,616,400

* At lower of cost and net realizable value.
‡ Less accumulated depreciation.
+ \$100 per value.
+ + No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.35	2.22
%Net Income to Sales	1.18	1.14
%Net Income to Equity	11.58	12.16
Sales to Inventories	10.83	11.03
Debt to Equity	0.74	0.80
Working Capital	\$ 438,700,000	\$298,600,000
Current Ratio	1.42	1.32
Shareholders' Equity	\$1,024,600,000	\$830,000,000

Giant Food Inc.

6300 Sheriff Road
Landover, Maryland 20785
(301) 341-4100

Mailing Address:
P.O. Box 1804
Washington, D.C. 20013

Officers: Israel Cohen, chairman of the board, president & chief exec. officer; David B. Sykes, sr. v.p.-finance, secretary & treasurer; Pete L. Manos, sr. v.p.-food operations; Alvin Dobbin, sr. v.p.-operations; David Freedman, sr. v.p.-corporate facilities; David W. Rutstein, sr. v.p. & counsel; Albert J. Lechert, Jr., v.p.-construction operations; Roger D. Olson, v.p.-labor relations & personnel; Alan Swoff, v.p.-frozen food operations; David Larson, v.p.-manufacturing; George W. Hannis, Jr., v.p.-dairy, delicatessen, meat & seafood; M. Davis Herriman, v.p.-grocery oper.; Emanuel Richman, v.p.-pharmacy oper.; Robert W. Schoening, v.p.-data processing syst.; Terry A. Gans, v.p.-advertising & sales promotion; Odonna Mathews, v.p.-consumer affairs; Ronald A. Cooke, v.p.-store operations; Barry F. Scher, v.p.-public affairs; Samuel E. Thurston, v.p.-distribution; Albert Reinach, controller; Michael J. Bush, v.p.-real estate; Stephen L. Oseroff, v.p.-shopping centers; Arthur Koch, asst. secretary.

Directors: David B. Sykes, Israel Cohen, Millard R. West, Jr., Morton H. Wilner, Richard Waxenberg, Samuel Lehrman, John J. Mason.

Business Activities: Operates a chain of 141 Giant Food supermarkets in Washington, D.C., Maryland and Virginia, of which 87 are food-pharmacy units; also operates one freestanding drug store.

Transfer Agent(s):

American Stock Transfer Co.
99 Wall Street
New York, New York 10005

Stock Exchange(s): American, Philadelphia, Pacific

Ticker Symbol: GFSA

Number of Stores: (at fiscal year end)

	Food Stores	Other Stores
1986	141	1
1985	137	1

Giant Food Inc.

1984	131	33
1983	130	41
1982	130	40

Sales and Earnings		
	Net Sales \$ (000's)	Net Income (000's)
1987*	\$ 2,528,492	\$ 46,453
1986	2,247,218	57,003
1985	2,138,789	45,221
1984	1,957,435	40,511
1983	1,852,134	37,213

	No. of Com. Shares †	Earn. per Share ‡
1987*	30,045,000	\$ 1.55
1986	29,974,000	1.90
1985	29,779,000	1.53
1984	29,274,000	1.38
1983	29,248,000	1.27

* 53 Weeks.

‡ Of continuing operations.

† Adjusted to reflect stock splits.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock		
	Cash Dividend \$	Stock Dividend Split
1987	\$0.60	—
1986	0.50	—
1985	0.40	—
1984	0.30	—
1983	0.24	—

‡ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 299,926,000	\$ 9.98
1986	271,319,000	9.05
1985	228,728,000	7.68
1984	193,383,000	6.61
1983	161,557,000	5.52

‡ Adjusted to reflect stock splits.

Income Account *		
	(000's)	
Year ended	2/28/87	2/22/86
Net sales	\$ 2,528,492	\$ 2,247,218
Cost of sales	1,812,228	1,598,486
Expenses	613,783	542,362
Interest expense	9,215	3,775
Income before taxes	\$ 93,266	\$ 102,595
Income taxes	46,813	45,592
Net Income	\$ 46,453	\$ 57,003

* Included in Costs and Expenses. Depreciation and Amortization: \$40,587,000 in 1987 and \$32,664,000 in 1986.

Assets (000's)		
As of	2/28/87	2/22/86
Cash & short-term inven.	\$ 105,611	\$ 92,481
Receivables net	22,146	16,079
Inventory	156,733	136,471
Prepaid expenses	6,659	6,440
Current Assets	\$ 291,149	\$ 251,471
Real estate for future develop.	12,162	8,946
Fixed assets	346,284	269,620
Prop. under cap. leases	99,012	82,459
Other assets	10,832	10,586
Total Assets	\$ 759,439	\$ 623,082

Liabilities (000's)		
Long-term debt, curr.	\$ 3,599	\$ 3,373
Cap. lease oblig., curr.	2,244	1,952
Accrs. payable	147,633	125,072
Accruals	51,754	49,278
Dividends payable	4,506	3,749
Income taxes	2,879	5,150
Curr. Liabilities	\$ 212,615	\$ 188,574
Long-term debt	81,636	26,599
Cap. lease oblig.	118,797	99,834
Prov. for ins. claims	12,583	10,507
Deferred inc. taxes	30,164	23,521
Other liabilities	3,718	2,728
+ Common stock	30,128	30,128
Add. paid-in capital	3,183	4,048
Retained earnings	268,691	240,249
Treasury stock	(2,076)	(3,106)
Total Liabilities & Shareholders' Equity	\$ 759,439	\$ 623,082

* At lower of cost (primarily LIFO) or market.

‡ Less accumulated depreciation.

+ \$1 per value.

Statistical Summary		
%Income bef. Taxes to Sales	3.69	4.57
%Net Income to Sales	1.84	2.54
%Net Income to Equity	15.49	21.01
Sales to Inventories	16.13	16.47
Debt to Equity	0.27	0.49
Working Capital	\$ 78,534,000	\$ 62,897,000
Current Ratio	1.37	1.33
Shareholders' Equity	\$299,926,000	\$271,319,000

Godfrey Company

1200 West Sunset Drive
Waukesha, Wisconsin 53186
(414) 542-9311

Officers: Robert F. Norris, chairman; James H. DeWees, president & chief exec. officer; Ronald R. Lasic, exec. v.p.; Allen C. Gehrke, sr. v.p.-engineering & development; Rodger G. Scott, sr. v.p.-personnel; Douglas R. Barth, v.p.-warehouse & transportation operations; Kenneth F. Wilkinson, v.p.-meats; Rodney E. Vaughan, v.p.-merchandising; Michael J. George, v.p., chief financial officer & treasurer; Dorothy E. Rau, secretary; Edward T. O'Donnell, v.p. & controller.

Directors: John A. Godfrey, Thomas W. Godfrey, Eugene P. Lawler, Wilbert E. Schauer, Robert F. Norris, Dean F. Thomas, James H. DeWees, Michael J. George.

Business Activities: Godfrey Company is a food distributor and retailer in the greater Milwaukee and southern Wisconsin areas under the names Sentry Foods and Sun Foods.

Subsidiaries:
Crestwood Bakery
1710 South 108 Street
West Allis, Wisconsin 53214
(414) 453-4790

Artesian Farms, Inc.
RR #1
Palmyra, Wisconsin 53156
(414) 495-2421

Store Equipment, Inc.
1200 W. Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Sentry Markets, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Ball Motor Service, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Sentry Drugs, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Jay's of Waukesha, Inc.
1200 West Sunset Drive
Waukesha, Wisconsin 53187
(414) 542-9311

Hub City Foods Incorporated
Marshfield, Wisconsin
Wholesale food distributor.

Transfer Agent(s):
First Wisconsin Trust Company
P.O. Box 2054
Milwaukee, Wisconsin 53201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GDFY (NASDAQ)

Number of Stores: (at fiscal year end)

1987	89	1984	85
1986	N.A.	1983	88
1985	84		

N.A. - Not Available.

Sales and Earnings		
	Net Sales	Net Income
1987	\$ 664,307,000	\$ 8,333,000
1986	601,776,000	5,473,000
1985	533,813,000	2,781,000
1984	499,393,000	1,508,000
1983	485,715,000	2,069,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,464,096	\$ 1.51
1986	5,477,604	1.00
1985	5,312,774	0.52
1984	5,211,116	0.29
1983	5,214,416	0.39

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

‡ Adjusted to reflect stock dividend and stock splits.

Common Stock		
	Cash Dividend \$	Stock Dividend Split
1987	\$0.27½	—
1986	0.24½	10%
1985	0.23	—
1984	0.22	—
1983	0.22	—

‡ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 40,291,000	\$ 7.37
1986	33,854,000	6.18
1985	28,940,000	5.45
1984	26,936,000	5.17
1983	26,576,000	5.10

‡ Adjusted to reflect stock dividend and stock splits.

Income Account *		
Year ended	2/28/87	2/22/86
Net sales	\$ 664,307,000	\$ 601,776,000
Cost of sales	569,594,000	511,970,000
Expenses	77,061,000	78,027,000
Interest & other debt exp.	1,829,000	2,016,000

Gordon Jewelry Corporation

Income before taxes	\$ 15,823,000	\$ 9,763,000
Income taxes	7,490,000	4,290,000
Net Income	\$ 8,333,000	\$ 5,473,000

* Included in Costs and Expenses, Depreciation and Amortization: \$4,803,000 in 1987 and \$5,104,000 in 1986.

Assets	2/28/87	2/22/86
As of		
Cash	\$ 3,488,000	\$ 2,755,000
U.S. Treasury bills	18,145,000	10,169,000
Accts. receiv., net	5,230,000	4,778,000
Inventories	32,747,000	31,657,000
Prepaid exp. & taxes	5,264,000	4,352,000
Deferred employee benefits	4,003,000	4,125,000
Curr. Assets	\$ 68,877,000	\$ 57,836,000
Investments	1,377,000	1,412,000
#Fixed assets	37,383,000	40,061,000
Total Assets	\$ 107,637,000	\$ 99,309,000

Liabilities	2/28/87	2/22/86
Long-term debt, curr.	\$ 1,660,000	\$ 1,746,000
Accts. payable	31,661,000	29,588,000
Accrued compensation	7,083,000	5,049,000
Other taxes	2,494,000	2,651,000
Curr. Liabilities	\$ 42,898,000	\$ 39,034,000
Long-term debt	17,787,000	20,406,000
Deferred compensation	4,712,000	3,964,000
Deferred inc. taxes	1,949,000	2,051,000
+ Common stock	5,553,000	2,767,000
Add. paid-in capital	13,056,000	15,705,000
Retained earnings	22,474,000	15,647,000
Treasury stock	(792,000)	(265,000)
Total Liabilities & Shareholders' Equity	\$ 107,637,000	\$ 99,309,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation & amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.8	1.62
%Net Income to Sales	1.25	0.91
%Net Income to Equity	20.68	16.17
Sales to Inventories	20.29	19.01
Debt to Equity	0.44	0.65
Working Capital	\$25,579,000	\$18,802,000
Current Ratio	1.61	1.48
Shareholders' Equity	\$40,291,000	\$33,854,000

Gordon Jewelry Corporation

820 Fannin Street
Houston, Texas 77002
(713) 222-8080

Officers: Harry B. Gordon, Aron S. Gordon, co-chairmen; Daniel P. Gordon, president & chief exec. officer; W. Lowry Barfield, vice-chairman, chief financial officer & secretary; James C. Gordon, exec. v.p. & chief operating officer; Douglas B. Gordon, sr. v.p.-corporate development; Larry T. Hampton, sr. v.p.-dir. of human resources & development; Stanley J. Hoffman, sr. v.p.-credit administration; Leonard R. Schneider, sr. v.p.-real estate; Ray A. Gipson, v.p.-corporate administration; Morton Levin, sr. v.p.-store operations; Robert W. Bridel, v.p.; Robert A. Miller, Jr., v.p.-store systems & admin.; William R. Leighton, sr. v.p.-finance & treasurer; J. David Adams, v.p.-mgt. training & development; Harvey S. Barandes, v.p.-merchandising; Irving L. Robbins & Bruce E. Chadwick, v.p.'s-Catalog-Showroom Stores Division; Vincent Ambriola, sr. v.p.-corporate info. systems; Paul G. Donahue, v.p.-corporate security adm.; Maurice Lagnado, v.p.-credit policies & systems; Curtis L. Moore, v.p.-advertising adm.; Mark H. Brown, v.p.-real estate; Gary D. Walther, controller; Robert L. Biediger, v.p.-corporate systems; Richard A. Winans, v.p.-credit operations; Sylvia Marasek, Nelda R. Brister, asst. secretaries; James E. Ferguson, asst. v.p.-inventory management; Ralph B. Gomez, asst. v.p.-

advertising director; William L. Edwards, asst. v.p.-telecommunications; Douglas E. Fesler, asst. v.p.-taxes; Kenneth R. Reeves, asst. v.p.-mgr., information systems; John S. Gupton, asst. v.p.-senior watch buyer; Jay T. Koetter, asst. v.p.-information systems & services; Maurice W. Reynolds, asst. v.p.-purchasing; Donna M. Murphy, asst. v.p.-jewelry mdse. mgr.; Robert L. Luikens, asst. controller; William N. Brown, asst. controller; Barre B. Monigold, asst. v.p.-air media director; Dennis D. Sucec, v.p.-corporate tax mgr.; Glenn J. Blessman, asst. treasurer-budget director; Stanley Grossman, v.p.-store mdse. coordinator; Charles E. Patterson, asst. treasurer-cash management.

Directors: Harry B. Gordon, Aron S. Gordon, James C. Gordon, Edward F. Clark, Jr., W. Lowry Barfield, Daniel P. Gordon, John E. Whitmore, Larry T. Hampton, Leonard Schneider, Jack S. Blanton, Roy L. Dye, Jr., Arnold M. Miller, Douglas B. Gordon, L. William Heiligbrodt.

Business Activities: Operates a chain of jewelry stores throughout the United States and Puerto Rico. The names of the company's traditional jewelry stores are: Citizens, Feder's, Lawton's, Linz Bros., Kolstad Jewelers, Palley's Jewelers, Mermod-Jaccard-King, D.P. Paul, Rost, Stieflo, Stief-Jaccard's, Sweeney's, and J. Herbert Hall Jewelers. The names of the company's contemporary jewelry stores are: Gordon's Jewelers and Daniel's Jewelers. The Company also operates a chain of catalog-showroom stores.

Divisions:

Contemporary Jewelry Stores Division
Traditional Jewelry Stores Division
Catalog-Showroom Stores Division

Transfer Agent(s):

Texas Commerce Bank
National Association
Houston, Texas 77002

Stock Exchange(s): New York

Ticker Symbol: GOR

Number of Stores: (at fiscal year end)

	Jewelry Stores	Catalog Showrooms
1986	603	58
1985	599	56
1984	605	55
1983	597	49
1982	590	45

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 488,989,880	\$ 13,449,907
1985	501,686,950	8,480,241
1984	506,425,819	27,338,600
1983	474,853,221	19,825,102
1982	489,804,050	21,724,465

No. of Com. Shares ‡

	No. of Com. Shares ‡	Earn. per Share #
1986	10,503,884	\$ 1.24
1985	11,337,374	0.72
1984	11,765,301	2.33
1983	11,386,951	1.76
1982	11,197,606	1.94

+ Of continuing operations only.

‡ Class A and Class B stock combined; adjusted to reflect stock split.

Based on the average number of common shares and common equivalents outstanding adjusted to reflect stock split.

Revenue By Line of Business

	1986	1985	1984	1983
Contemporary stores	49%	47%	45%	42%
Catalog-Showroom stores	24	27	28	30
Traditional stores	27	26	26	25
Leased depts.	—	—	1	3
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986 Class A	\$0.52	—	—
1985 Class A	0.51	—	—
1984 Class A	0.465	—	4-for-3
1983 Class A	0.42	—	—
1982 Class A	0.42	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 249,795,586	\$ 23.78
1985	255,705,734	22.55
1984	260,388,634	22.13
1983	233,030,210	20.46
1982	215,262,665	19.22

‡ Based on common stock Classes A and B combined adjusted to reflect stock split.

Income Account *

Year ended Aug. 31	1986	1985
Net sales	\$ 488,989,880	\$ 501,686,950
Cost of sales	277,802,841	307,384,762
Expenses	154,800,795	161,468,675
Prov. for doubtful accts.	23,726,306	13,760,752
Interest expense	7,698,031	4,910,520
Income before taxes	\$ 24,961,907	\$ 14,162,241
Income taxes	11,512,000	5,682,000
Net Income	\$ 13,449,907	\$ 8,480,241

* Included in Costs and Expenses, Depreciation and Amortization: \$8,086,437 in 1986 and \$6,170,058 in 1985.

Assets

As of Aug. 31	1986	1985
Cash	\$ 2,779,407	\$ 5,961,156
Accts. receiv., net	113,149,040	90,199,738
Other receiv.	6,215,545	5,412,729
*Inventories	284,463,215	240,587,997
Prepaid expenses	1,319,545	803,425
Current Assets	\$ 407,926,752	\$ 342,965,045
#Fixed assets	65,873,575	54,571,835
Other assets	11,651,476	10,945,737
Total Assets	\$ 485,451,803	\$ 408,482,617

Liabilities

	1986	1985
Notes payable	\$ 81,936,973	\$ 40,088,644
Accts. payable	62,056,941	55,963,223
Accruals	15,615,403	15,679,984
Income taxes	32,916,007	22,540,554
Curr. Liabilities	\$ 192,525,324	\$ 134,272,405
Long-term debt	43,130,893	18,504,478
+ Common stock	11,765,494	11,765,434
Add. paid-in capital	24,875,998	24,874,749
Retained earnings	234,021,190	226,247,961
Treasury stock	(20,867,096)	(7,182,410)

Total Liabilities & Shareholders' Equity \$ 485,451,803 \$ 408,482,617

* At lower of cost or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.10	2.82
%Net Income to Sales	2.75	1.69
%Net Income to Equity	5.38	3.32
Sales to Inventories	1.72	2.09
Debt to Equity	0.17	0.23

Gordon Jewelry Corporation

Working Capital	\$215,401,428	\$208,692,649
Current Ratio	2.12	2.55
Shareholders' Equity	\$249,795,586	\$255,705,734

Gottschalks Inc.

860 Fulton Mall
Fresno, California 93716
(209) 485-1111

Officers: Joe Levy, chairman & chief executive officer; Gerald H. Blum, president, secretary & chief operating officer; Robert E. Lawson, v.p. & chief financial officer.

Directors: Joe Levy, chairman of the board; Gerald H. Blum, Sharon Levy, Brett Levy, Karen Blum, Joseph J. Penber, Charles Johnson.

Business Activities: Operates a chain of ten "Gottschalk's" department stores, six "Petites West" clothing stores for the petite woman, and nine "Village East" clothing stores for the larger woman. Also operates five auto centers and one gift shop. All retail operations are in California.

Subsidiary:

E. Gottschalk & Company Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Company of California
50 California Street, Tenth Floor
San Francisco, California 94111

Stock Exchange(s): New York, Pacific

Ticker Symbol: GOT

Number of Stores: (at Fiscal Year end)

1987	30	1984	27
1986	28	1983	25
1985	28		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 125,924,000	\$ 4,021,000
1985	112,785,000	3,005,000
1984	106,374,000	1,047,000
1983	103,959,000	325,000
1982	94,629,000	593,000

No. of Com. Shares

	No. of Com. Shares	Earn. per Share ‡
1986	7,511,474	\$ 0.57
1985	5,500,000	0.55
1984	5,500,000	0.19
1983	5,500,000	0.06
1982	N.A.	0.11

N.A. - Not Available.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	2-for-1‡

‡ Declared Mar., 1987.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 29,605,000	\$ 3.94
1985	10,861,000	1.97
1984	7,869,000	1.43
1983	6,835,000	1.24
1982	6,522,000	—

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 125,923,562	\$ 112,785,021
Other income	4,579,976	4,071,401
Total income	\$ 130,503,538	\$ 116,856,422
Cost of sales	77,731,973	69,808,874
Expenses	40,625,127	38,317,891
Depreciation & amortization	1,391,941	1,143,213
Interest expense	2,842,461	3,723,789
Income before taxes	\$ 7,912,036	\$ 5,862,655
Income taxes	3,891,000	2,858,000
Net Income	\$ 4,021,036	\$ 3,004,655

Assets

As of	1/31/87	2/1/86
Cash	\$ 340,878	\$ 197,681
Accts. receiv., net	30,895,671	28,295,198
*Inventories	12,301,193	10,754,969
Deferred VEBA contrib.	1,900,000	1,287,373
Other curr. assets	2,632,637	1,609,836
Current Assets	\$ 48,070,379	\$ 42,145,057
#Fixed assets	25,610,769	22,574,715
Deferred VEBA contrib.	2,027,840	—
Deferred tax benefits	—	779,157
Other assets	620,572	442,306
Total Assets	\$ 76,329,560	\$ 65,941,235

Liabilities

Revolv. credit line	\$ 4,995,000	\$ 3,144,894
Long-term debt, curr.	665,623	1,950,288
Accts. payable	1,591,716	1,005,712
Accruals	2,965,677	3,131,765
Accrued payroll	1,062,772	2,587,722
Income taxes	1,699,657	2,203,650
Deferred income taxes	5,741,399	4,843,587
Curr. Liabilities	\$ 18,721,844	\$ 18,867,618
Long-term debt	25,927,507	36,061,411
Deferred revenue	1,363,600	—
Deferred income	267,526	151,021
Deferred inc. taxes	443,673	—
+ Common stock	75,115	55,000
Aid. paid-in capital	14,898,074	195,000
Retained earnings	14,632,221	10,611,185
Total Liabilities & Shareholders' Equity	\$ 76,329,560	\$ 65,941,235

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	6.28	5.20
%Net Income to Sales	3.19	2.66
%Net Income to Equity	13.58	27.66
Sales to Inventories	10.24	10.49
Debt to Equity	1.07	3.79
Working Capital	\$29,348,535	\$23,277,439
Current Ratio	2.57	2.23
Shareholders' Equity	\$29,605,410	\$10,861,185

Grafton Group Limited

(51% of the common shares owned by Greywinds Investments Limited)

9 Sunlight Park Road
P.O. Box 108
Postal Station G
Toronto, Ontario M4M 3G1, Canada
(416) 461-9411

Officers: W.A. Heaslip, chairman, chief executive officer & president; T.E. Topping, exec. v.p.; G.A. Reynolds, v.p. finance, secretary & treasurer.

Directors: William A. Heaslip*, chairman; William F. James, James W. McCutcheon*, H. John McDonald, George A. Reynolds*, T. Edward Topping, David B. Weldon*, Douglas C. Woolley, Thomas R. Young.

* Member of the Executive Committee.

Business Activities: The Company is a specialty retailer of apparel and footwear. In Canada, men's and boys' wear is sold through licensed departments in 120 Woolco Department Stores. Menswear is sold through 165 Jack Fraser, 15 Grafton & Co., 52 Elks, 24 George Richards Kingsize Clothes stores, and 23 Apparel Clearance Centres. Womenswear is sold through 118 Loft Departments and 40 Sideffects stores. Fashion co-ordinated casual wear is sold through 62 Dupper Dan shops. Footwear is sold in 228 shoe stores through Maher, J. Reid, Copp, Julia, Footpath and licensed departments. A variety of merchandise is sold in 50 Nabour Stores. The company also owns a home furnishings company which manufactures and wholesales bedroom and bathroom decorative products.

In the United States, the Company operates 195 Ladieswear stores under the Seifert's, La Vogue by Seifert's, Mark Henri, and Dimension Plus names in 25 states, and 43 ladies' shoe stores under the Joyce, Selby, Stewarts names and in leased departments in nine Midwest states.

Divisions and Subsidiaries:

Jack Fraser Stores Division
Grafton-Fraser Inc.
Grafton & Co.
George Richards Kingsize Clothes Limited
(50% interest)
Toby Industries Limited
Grafton Realty Company, Limited
Maher Inc.
James B. McGregor Division
Forsyth Trading Company Limited (joint venture; 33 1/3% interest)
Seifert's Incorporated
Oak Bay Corporation
Elks Inc. (66% owned)
Nabour Stores Ltd.
Beverly's, Inc.

Transfer Agent(s):

Guaranty Trust Company of Canada

Stock Exchange(s): Toronto

Ticker Symbol: GFGT

Number of Stores: (at fiscal year end)

1987	1,135	1984	914
1986	1,003	1983	911
1985	925		

Sales and Earnings

	Net Sales	Net Income +
1987	\$ 605,192,000	\$ 22,703,000
1986	514,007,000	26,373,000
1985	461,954,000	23,272,000
1984	420,654,000	18,456,000
1983	382,277,000	10,763,000

No. of Com. Shares ‡

	No. of Com. Shares ‡	Earn. per Share ‡†
1987	18,738,000	\$ 1.12
1986	18,738,000	1.28
1985	18,738,000	1.12
1984	18,738,000	0.88
1983	18,738,000	0.48

+ Including extraordinary gains of \$127,000 (\$0.01 per share) in 1987, \$886,000 (\$0.04 per share) in 1986, \$728,000 (\$0.04 per share) in 1985 and \$301,000 (\$0.02 per share) in 1984.

‡ Based on the weighted average number of Class A and common shares outstanding.

† Assuming full dilution.

Revenues By Line of Business

	1987	1986
Retail:		
Apparel	\$ 505,277,000	\$ 416,918,000
Footwear	82,102,000	78,340,000
Home furnishings	17,813,000	18,749,000
Total	\$ 605,192,000	\$ 514,007,000

	Common Stock		
	Cash Dividend†	Stock Dividend	Stock Split
1987	\$0.30	—	—
1986	0.23	—	3-for-1
1985	0.21	—	—
1984	0.19	—	—
1983	0.19	—	—

† Adjusted to reflect stock split.

	Common Stock Equity	
	Total Equity	Equity Per Share ‡
1987	\$ 166,033,000	\$ 8.86
1986	151,595,000	8.09
1985	128,370,000	6.85
1984	110,297,000	5.89
1983	97,794,000	5.22

‡ Based on the weighted average number of Class A and common shares outstanding adjusted to reflect stock split.

Income Account		
Year ended	1987	1986
Jan. 31		
Net sales:		
Retail	\$ 587,379,000	\$ 495,258,000
Mfg.	17,813,000	18,749,000
Total Revenues	\$ 605,192,000	\$ 514,007,000
Cost of sales & expenses	556,119,000	459,258,000
Depreciation	11,703,000	9,117,000
Amortization of cost	715,000	727,000
Interest expense	6,479,000	4,897,000
Misc. income	(5,377,000)	(4,174,000)
For. exch. loss (gain)	311,000	(345,000)
Gain on sale	(1,670,000)	—
Gain on equity invest.	(1,375,000)	—
Prov. for loss on oil prop.	—	3,250
Gain on sale of land	—	(1,732)
Income before taxes	\$ 38,287,000	\$ 43,009,000
Income taxes	15,104,000	16,927,000
Minority interest	607,000	595,000
Net Income	\$ 22,576,000	\$ 25,487,000
Extraordinary gain	127,000	886,000
Net Income & extraord. gain	\$ 22,703,000	\$ 26,373,000

Assets		
As of Jan. 31	1987	1986
Cash	\$ 47,060,000	\$ 41,691,000
Marketable securities	31,591,000	40,256,000
Accts. receiv., net	27,739,000	23,810,000
Deferred income taxes	5,229,000	—
*Inventories	90,037,000	79,939,000
Prepaid exp. & deposits	2,661,000	1,567,000
Current Assets	\$ 204,317,000	\$ 187,263,000
Investments	14,677,000	13,761,000
#Fixed assets	68,244,000	52,287,000
Unmort. fin. costs	122,000	145,000
Intangibles	15,017,000	14,962,000
Total Assets	\$ 302,377,000	\$ 268,418,000

Liabilities		
Long-term debt & cap. lease oblig., curr.	\$ 2,199,000	\$ 4,597,000
Bank advances	3,230,000	—
Accts. payable & accruals	75,379,000	61,363,000
Income & other taxes	10,571,000	10,462,000
Curr. Liabilities	\$ 91,379,000	\$ 76,422,000
Long-term debt	32,220,000	28,693,000
Cap. lease oblig.	6,615,000	5,786,000
Minority interest	4,331,000	3,746,000
Deferred inc. taxes	1,799,000	2,176,000

+ Common stock	9,866,000	9,930,000
For. curr. adj.	3,531,000	3,998,000
Retained earnings	152,636,000	137,667,000

Total Liabilities & Shareholders' Equity	\$ 302,377,000	\$ 268,418,000
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* Retail inventories at lower of cost or market and net realizable value, less normal profit margin. Raw materials at lower of cost and replacement cost.

Less accumulated depreciation.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Revenues	6.33	8.66
%Net Income to Revenues	3.73	4.96
%Net Income to Equity	13.60	16.81
Debt to Equity	19.41	0.26
Working Capital	\$112,938,000	\$110,841,000
Current Ratio	2.24	2.45
Shareholders' Equity	\$166,033,000	\$151,595,000

Grand Auto, Inc.

7200 Edgewater Drive
Oakland, California 94621
(415) 568-6500

Officers: Irving E. Krantzman, chairman of the board; John F. Goodsell, president & chief exec. officer; Gary Hill, v.p. & chief financial officer; R. J. Micheletti, v.p.-industrial relations/personnel; Donald J. Nickols, sr., v.p.-operations; Bruce J. Levitin, asst. v.p.-operations; Ellington Owensby, v.p.-construction/property; Daniel C. Santo, v.p.-merchandising; R.N. Stefan, secretary.

Directors: Irving E. Krantzman, chairman; Simon I. Brown, John F. Holman, Raymond Bolton, Barry S. Garfinkle, Marvin E. Bruce.

Business Activities: Operates a chain of company-owned automotive supply stores, under the names Grand Auto and Top Auto, in California, Nevada, Washington and Alaska.

Subsidiary:

Automotive Wholesalers, Inc.

Operates 28 automotive retail stores in Washington and Alaska under the name Top Auto.

Transfer Agent(s):

The Bank of California, N.A.
San Francisco, California

Stock Exchange(s): American, Pacific

Ticker Symbol: GAI

Number of Stores: (at fiscal year end)

1987	113	1984	84
1986	113	1983	80
1985	86		

Sales and Earnings		
	Net Sales	Net Income †
1987	\$ 165,842,000	\$ 4,912,000
1986	167,658,000	2,564,000
1985	154,282,000	4,877,000
1984	139,503,000	5,089,000
1983	122,190,000	3,540,000

	No. of Com. Shares †	Earn. per Share ‡ #
1987	3,074,865	\$ 1.60
1986	3,074,865	0.84
1985	2,996,865	1.63
1984	2,983,665	1.71
1983	2,970,465	1.20

† Including extraordinary gain of \$5,048,000 (\$1.64 per share) in 1987.

+ Adjusted to reflect stock split.

Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock		
Cash Dividend#	Stock Dividend	Stock Split

1987	\$0.10	—	—
1986	0.40	—	—
1985	0.37	—	—
1984	0.26	—	3-for-1
1983	0.19	—	—

Adjusted to reflect stock split.

Common Stock Equity		Equity Per Share #
Total Equity		
1987	\$ 36,835,000	\$ 11.98
1986	32,230,000	10.48
1985	29,774,000	9.94
1984	25,908,000	8.68
1983	21,529,000	7.25

Adjusted to reflect stock split.

Income Account		
Year ended	1/25/87	1/26/86

Net sales	\$ 165,842,000	\$ 167,658,000
Cost of sales	112,023,000	114,312,000
Expenses	47,204,000	43,750,000
Depreciation & amortization	3,894,000	3,425,000
Interest expense	2,973,000	2,592,000

Income (loss) bef. taxes	\$ (252,000)	\$ 3,579,000
Income taxes (credit)	(116,000)	1,015,000

Net Income (Loss)	\$ (136,000)	\$ 2,564,000
Extraord. gain	5,048,000	—

Net Income & extraord. gain	\$ 4,912,000	\$ 2,564,000
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Assets		
As of	1/25/87	1/26/86

Cash	\$ 3,171,000	\$ 2,184,000
Accts. receiv., net	10,548,000	12,042,000
*Inventories	39,436,000	38,038,000
Prepaid expenses	2,220,000	971,000

Current Assets	\$ 55,375,000	\$ 53,235,000
#Fixed assets	32,565,000	33,126,000
Other assets	1,445,000	2,098,000

Total Assets	\$ 89,385,000	\$ 88,459,000
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Liabilities		
Long-term debt, curr.	\$ 1,651,000	\$ 689,000
Accts. payable	9,725,000	10,337,000
Accruals	11,216,000	9,141,000
Income taxes	2,443,000	905,000
Other taxes	2,096,000	2,001,000

Curr. Liabilities	\$ 27,131,000	\$ 23,073,000
Long-term debt	18,465,000	25,684,000

Oblig. under cap. leases	5,964,000	6,430,000
Deferred income	183,000	248,000
Def. inc. taxes	807,000	794,000
+ Common stock	5,389,000	5,389,000
Retained earnings	31,446,000	26,841,000

Total Liabilities & Shareholders' Equity	\$ 89,385,000	\$ 88,459,000
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* At cost (LIFO).

Less accumulated depreciation & amortization.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	—	2.13
%Net Income to Sales	—	1.53
%Net Income to Equity	—	7.96
Sales to Inventories	4.21	4.41
Debt to Equity	0.50	1.02
Working Capital	\$28,244,000	\$30,162,000
Current Ratio	2.04	2.31
Shareholders' Equity	\$36,835,000	\$32,230,000

The Grand Union Company

The Grand Union Company

(A wholly owned subsidiary of Cavenham (USA) Inc., which in turn is a wholly owned subsidiary of Cavenham Holdings Inc., a privately held corporation. The Grand Union's debentures are publicly traded.)

100 Broadway
Elmwood Park, New Jersey 07407
(201) 794-2000

Officers: Floyd Hall, chairman of the board & chief executive officer; Joseph J. McCaig, president & chief operating officer; Henry T. Johnson, exec. v.p. & chief administrative officer; William A. Louttit, exec. v.p.-merchandising; Robert Terrence Galvin, sr. v.p., chief financial officer & secretary; Bradley C. Johnson, sr. v.p.-real estate & development; William M. Reffett, sr. v.p.-personnel; Henry S. Addison, v.p.-Carolina Region; Charles J. Barrett, v.p.-labor relations; Kenneth R. Baum, v.p. & controller; Jack Calderone, v.p.-meat merchandising; William Hoffert, v.p.-gen. mdse. merchandising; Roger W. Kennedy, v.p. & treasurer; William E. Kinslow, v.p.-mgmt. info. systems; Brooke D. Lennon, v.p.-grocery merchandising; Anthony P. Misasi, v.p.-produce merchandising; Robert E. Mohel, v.p.-quality control; Robert J. Saba, v.p.-Northern Region; Bryan Springthorpe, v.p.-distribution; Darrell W. Stine, v.p.-New York Region; Craig C. Sturken, v.p.-Southern Region; Thomas C. Morrison, v.p.-advertising & sales promotion; Donald C. Vaillancourt, v.p.-corporate communications & consumer affairs.

Directors: Floyd Hall, chairman; Gilbert E. Beaux, Ian M. Duncan, Robert Terrence Galvin, Milton Glaser, Sir James Goldsmith, Bradley C. Johnson, Henry T. Johnson, William A. Louttit, Joseph J. McCaig, William M. Reffett, Jivan Tabibian, Jane von der Heyde.

Business Activities: Operates chains of four specific store types: supermarkets, community stores, food markets, and food centers.

Number of Stores:

1986 371 1985 383

Sales and Earnings

	Net Sales	Net Income
1986	\$2,611,616,000	\$ 20,493,000
1985	2,529,392,000	5,328,000
1984	3,438,848,000	(115,240,000)
1983	3,519,341,000	226,000
1982	4,137,447,000	24,652,000

	No. of Com. Shares	Earn. per Share
1986	801.5	\$ —
1985	801.5	—
1984	801.5	—

(Loss)

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 162,963,000	\$ —
1985	142,470,000	—
1984	137,142,000	—
1983	208,479,000	—
1982	211,734,000	—

Income Account *

Year ended	3/29/86	3/30/85
Net sales	\$ 2,611,616	\$ 2,529,392
Cost of sales	2,014,029	1,960,313
Expenses	543,460	544,269
Interest expense	18,203	18,958
Interest income	(2,749)	(1,756)
Prof. for store clos. prov.	7,580	—
Inc. bef. taxes	\$ 31,093	\$ 7,608
Income taxes	10,600	2,280
Net Income	\$ 20,493	\$ 5,328

* Included in Costs and Expenses, Depreciation and Amortization: \$33,765,000 in 1986 and \$33,959,000 in 1985.

Assets

As of	3/29/86	3/30/85
Cash & temp. cash invest.	\$ 53,666	\$ 31,442
Accts. receiv., net	18,957	26,071
*Inventories	189,294	195,023
Prepaid inc. taxes	18,798	24,547
Prepaid expenses	7,188	7,990
Props. held for sale	6,464	7,435
Current Assets	\$ 294,367	\$ 292,508
*Fixed assets	280,921	274,661
Notes receiv. & other assets	7,029	8,296
Intangibles	9,787	10,066
Total Assets	\$ 592,104	\$ 585,531

Liabilities

	3/29/86	3/30/85
Short-term debt	\$ 21,631	\$ 5,473
Accts. payable & accruals	199,473	201,496
Income taxes	3,856	2,861
Curr. Liabilities	\$ 224,960	\$ 209,830
Long-term debt	47,882	68,821
Cap. lease oblig.	97,878	101,053
Def. pension oblig.	10,875	12,425
Deferred inc. taxes	12,662	23,982
Other liabilities	34,884	26,950
+ Common stock	40,077	40,077
Add. paid-in capital	106,188	106,188
Retained earnings (def.)	16,698	(3,795)
Total Liabilities & Shareholders' Equity	\$ 592,104	\$ 585,531

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$50,000 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.19	0.30
%Net Income to Sales	0.78	0.21
%Net Income to Equity	12.58	3.74
Sales to Inventories	13.80	12.97
Debt to Equity	0.29	1.23
Working Capital	\$ 69,407,000	\$ 82,678,090
Current Ratio	1.31	1.39
Shareholders' Equity	\$162,963,000	\$142,470,000

GranTree Corporation

2501 S.W. First Avenue
P.O. Box 3210
Portland, Oregon 97208
(503) 223-1161

Officers: Walker M. Treece, chairman of the board & chief executive officer; Gary A. Kisling, president & chief operating officer; Zolman M. Cohen, v.p.-real estate; Gerdon Fahland, v.p.-marketing; J. Franklin Cable, secretary; Jada A. Watson, asst. secretary; William A. Norris, v.p.-finance & treasurer.

Directors: Walker M. Treece, chairman; Howell Appling, Jr., Claire M. Gray, George E. Keck, Gary A. Kisling, R.H. Noyes, Jr., Lyman E. Seely.

Business Activities: Operates 74 rental furniture showrooms and 29 retail furniture stores in nine western and southwestern states and Vancouver, British Columbia, Canada.

Subsidiaries:

GranTree Furniture Rental Corp.
MultiForm Enterprises, Inc.

Transfer Agent(s):

First Interstate Bank of Oregon, N.A.
P.O. Box 2971
Portland, Oregon 97208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GTRE (NASDAQ)

Number of Stores: (at fiscal year end)

1986	29	1983	29
1985	28	1982	28
1984	32		

Sales and Earnings

	Revenues +	Net Income
1986	\$ 87,698,000	\$ (5,384,000)
1985	91,088,000	163,000
1984	82,160,000	1,114,000
1983*	74,867,000	1,202,000
1982	70,682,000	1,289,000

	No. of Com. Shares	Earn. per Share #
1986	2,918,000	\$ —
1985	2,868,000	0.06
1984	2,857,000	0.39
1983*	2,839,000	0.42
1982	2,814,000	0.46

(Loss)

* 53 weeks.

+ Of continuing operations only.

Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 16,437,000	\$ 5.63
1985	21,563,000	7.52
1984	21,424,000	7.50
1983	20,448,000	7.20
1982	19,283,000	6.85

Income Account *

Year ended Oct. 31	1986	1985
Furniture rentals & fees	\$ 48,569	\$ 47,714
Sales of furniture	39,129	43,374
Total revenue	\$ 87,698	\$ 91,088
Cost of sales	25,462	28,463
Expenses	59,976	60,733
Interest expense	2,330	2,275
Gain on sale	—	(307)
Reserve for restruc. costs	9,395	—
Loss before taxes	\$ (9,465)	\$ (76)
Tax credit	(4,081)	(239)
Net Income (Loss)	\$ (5,384)	\$ 163

* Included in Costs and Expenses, Depreciation and Amortization: \$6,609,000 in 1986 and \$6,335,000 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	\$ 612	\$ 973
Furniture rental receiv., net	197	522
*Furniture purch. for sale	5,257	6,584
Rental furniture, net	12,485	13,802
Other curr. assets	1,771	1,806
Current Assets	\$ 20,322	\$ 23,687
Rental furniture, net	26,973	26,460
*Fixed assets	5,007	5,985
Other assets	2,531	2,658
Total Assets	\$ 54,833	\$ 58,790

Liabilities

	1986	1985
Long-term debt, curr.	\$ 176	\$ 135
Accts. payable & other	6,048	7,064

Greenman Bros. Inc.

Income taxes	1,486	1,852
Restroc. costs	550	—
Current Liabilities	\$ 8,260	\$ 9,051
Long-term debt	23,703	24,562
Income taxes	3,530	3,614
Restroc. costs	2,903	—
+ Common stock	305	301
Add. paid-in capital	9,892	9,628
Retained earnings	7,249	12,633
For. curr. trans. adjust.	(532)	(518)
Treasury stock	(477)	(481)
Total Liabilities & Shareholders' Equity	\$ 54,833	\$ 58,790

* At lower of standard cost (average) or market.
 † Less accumulated depreciation.
 + \$0.10 par value.

Statistical Summary

%Net Income to Revenues	—	0.18
%Net Income to Equity	—	0.76
Debt to Equity	1.45	1.15
Working Capital	\$12,062,000	\$14,636,000
Current Ratio	2.46	2.62
Shareholders' Equity	\$16,437,000	\$21,563,000

The Great Atlantic & Pacific Tea Company, Inc.

(52.7% owned by Tengelmann Warenhandels-Gesellschaft)

Box 418
 2 Paragon Drive
 Montvale, New Jersey 07645
 (201) 573-9700

Officers: James Wood, chairman of the board & chief executive officer; Louis Sherwood, president & chief administrative officer; James W. Rowe, vice chairman & asst. to the chief executive officer; Martin H. Kern, exec. v.p.-gen. merchandise; Eckart C. Siess, vice chairman-strategic planning; Alan C. Goulding, sr. exec. v.p.-merchandising & distribution; Joseph H. McCarthy, exec. v.p.-store operations; Peter O'Gorman, sr. v.p.-development; Ivan K. Szathmari, sr. v.p. & chief services officer; Robert G. Ulrich, sr. v.p. & general counsel; Randall A. Bostwick, v.p. & president-Super Market Service Corporation; James B. Burnmeister, v.p. & president-New Orleans Group; Timothy J. Courtney, v.p.-taxation; H. Nelson Lewis, v.p.-human resources; James L. Madden, v.p. & president-Mid-Atlantic Group; Peter Brooker, v.p.-planning & secretary; Fred Corrado, exec. v.p., treasurer & chief financial officer; Michael J. Rourke, v.p.-communications & corp. affairs; Burton J. Weinbaum, v.p.-Northeast Group; Caryle Sherwin, president-Midwest operations; Edward C. Monson, chairman-A&P Canada; O.C. Cook, v.p.-meat & service departments; Jack DiFiore, v.p. & president-Fresh Food Markets; Paul Gallant, v.p. & president-Compass Foods; Peter R. Lavoy, v.p.-procurement; Frank Leonard, v.p.-real estate; Joseph Quirk, v.p.-labor relations; John D. Ryder, v.p.-marketing; Richard J. Scola, v.p. & asst. gen. counsel; Robert W. Toomey, v.p.-support services; J. Paul Stillwell, v.p. & pres.-southern operation; George Graham, v.p.-merchandising coordinator; Michael J. Larkin, v.p.-Metro New York Group; Herbert L. Whiteside, v.p.-Super Fresh of Virginia; Mary Ellen Offer, asst. secretary.

Directors: James Wood, chairman; Harold J. Berry, Walter D. Dance, Rosemarie Baumeister, Eckart C. Siess, Helga Haub, Christopher F. Edley, James W. Rowe, Paul C. Nagel, Jr., Barbara Barnes Hauptfuter, Fritz Teelen, Henry W. Van Baalen, Louis Sherwood.

Business Activities: Operates a chain of supermarkets under the A&P, Super Fresh, Kohl's, Pantry Pride, Dominion Wald- baum's, Shopwell, Food Emporium, Food Mart, Sav-A- Center, Sun, Future Stores, Compass Foods, and Family Mart names in the United States and Canada.

Acquisition(s):

Waldbaum, Inc.
 Operates 139 supermarkets in the New York, Connecticut and Massachusetts area.

Shopwell, Inc.
 Operates 53 supermarkets in the metropolitan New York area.

Transfer Agent(s):
 American Stock Transfer Co.
 New York, New York

Stock Exchange(s): New York, Boston*, Cincinnati*, Mid- west*, Philadelphia*, Pacific*

* Unlisted trading privileges.

Ticker Symbol: GAP

Number of Stores: (at fiscal year end)

1986	1,200	1983	1,022
1985	1,045	1982	1,055
1984	1,001		

Sales and Earnings

	Net Sales (000's)	Net Income* (000's)
1986*	\$ 7,834,859	\$ 95,010
1985	6,615,422	88,290
1984	5,878,286	215,779
1983	5,222,013	47,551
1982	4,607,817	31,211

	No. of Com. Shares ‡	Earn. per Share ‡†
1986*	38,017,000	\$ 2.50
1985	37,839,000	2.33
1984	37,599,000	5.74
1983	37,455,944	1.27
1982	37,398,884	0.83

*53 weeks.

† Including extraordinary gains of \$26,000 (\$0.68 per share) in 1986, \$32,200,000 (\$0.85 per share) in 1985, \$165,000,000 (\$4.39 per share) in 1984, \$16,150,000 (\$0.43 per share) in 1983 and, \$9,850,000 (\$0.26 per share) in 1982.

‡ Based on the weighted average number of shares outstanding each year.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 755,718,000	\$ 19.85
1985	668,688,000	17.63
1984	582,953,000	15.48
1983	375,789,000	10.02
1982	329,372,000	8.81

Income Account *

Year ended	2/28/87	2/22/86
Net sales	\$ 7,834,859	\$ 6,615,422
Cost of sales	5,912,746	5,043,440
Expenses	1,762,789	1,452,578
Oper. profit	\$ 159,324	\$ 119,404
Interest expense	47,822	40,454
Interest income	(17,908)	(30,140)
Income before taxes	\$ 129,410	\$ 109,090
Income taxes	60,400	53,000
Net income	\$ 69,010	\$ 56,090
Extraordinary credit	26,000	32,200
Net income & extraord. credit	\$ 95,010	\$ 88,290

* Included in Costs and Expenses. Depreciation and Amortiza- tion: \$103,471,000 in 1986 and \$80,341,000 in 1985.

Assets (000's)

As of	2/23/87	2/12/86
Cash & short-term invest.	\$ 62,098	\$ 68,720
Accts. receiv., net	93,522	75,615
*Inventories	703,519	576,717

Prepaid expenses	20,663	21,384
Prop. held for devel. & sale	19,082	14,138

Current Assets	\$ 898,854	\$ 756,594
#Fixed assets	1,161,829	638,159
Market. secur. & other invest.	—	254,350
Other assets	19,543	14,657

Total Assets	\$ 2,080,226	\$ 1,663,760
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Liabilities (000's)

Long-term debt, curr.	\$ 31,159	\$ 30,076
Cap. lease oblig., curr.	19,291	12,320
Accts. payable	444,533	332,045
Accrued payroll	109,095	86,669
Accrued taxes	59,466	43,363
Other accruals	141,892	78,030

Curr. Liabilities	\$ 805,436	\$ 582,503
Long-term debt	196,209	151,306
Deferred inc. taxes	13,455	17,655
Obligations under capital leases	223,933	196,360
Other liabilities	85,475	47,248
+ Common stock	38,068	37,939
Add. paid-in capital	427,432	424,166
Retained earnings	302,547	22,746
Cum. trans. adjust.	(12,329)	(6,163)

Total Liabilities & Shareholders' Equity	\$ 2,080,226	\$ 1,663,760
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* At lower of cost or market.
 † Less accumulated depreciation.
 + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.65	1.65
%Net Income to Sales	0.88	0.85
%Net Income to Equity	9.13	8.39
Sales to Inventories	11.14	11.47
Debt to Equity	0.26	0.58
Working Capital	\$ 93,418,000	\$174,091,000
Current Ratio	1.12	1.30
Shareholders' Equity	\$755,718,000	\$668,688,000

Greenman Bros. Inc.

105 Price Parkway
 Farmingdale, New York 11735
 (516) 293-5300

Officers: Bernard Greenman, chairman of the board; Stanley Greenman, vice chairman, chief exec. officer & treasurer; Stewart Katz, president, chief operating officer & asst. secretary; Marvin Eisner, v.p.-finance, chief financial officer & secretary.

Directors: Bernard Greenman*, Stewart Katz*, David Yan- ley, Jack Greenman, Stanley Greenman*, George Schor, Stanley Strocker*, Joshua Biblowitz, Jerry Kassel, Benjamin Zdatny.

* Member of the Executive Committee.

Business Activities: Operates a chain of 327 toy specialty stores located in shopping malls in 29 states under the names "Circus World" and "Playland". Also operates 5 free-standing "Playworld" retail toy stores located in New York. Also en- gaged in wholesaling of toys, games, hobbycrafts and house- wares in New York, New Jersey, Florida, Georgia and Indiana.

Subsidiary:

Circus World Toy Stores, Inc.

Transfer Agent(s):

Manufacturers Hanover Trust Company
 4 New York Plaza
 New York, New York

Greenman Bros. Inc.

Stock Exchange(s): American

Ticker Symbol: GMN

Number of Stores: (at fiscal year end)

1986	332	1983	52
1985	304	1982	40
1984	78		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 244,238,000	\$ (3,385,000)
1986	218,009,000	7,143,000
1985	172,879,000	7,069,000
1984	117,303,000	3,524,000
1983	101,204,184	2,484,965

No. of Com. Shares ‡

1987	5,968,586	\$ —
1986	5,583,169	1.28
1985	4,760,675	1.48
1984	4,959,444	0.71
1983	5,099,000	0.49

(Loss)
‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	5-for-4
1986	—	—	—
1985	—	—	4-for-3 & 5-for-4
1984	—	—	3-for-2
1983	—	—	5-for-4

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 54,440,000	\$ 9.12
1986	58,022,000	10.39
1985	28,717,000	6.03
1984	22,592,000	4.56
1983	19,953,000	3.91

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 244,238,000	\$ 218,009,000
Cost of sales	166,275,000	151,010,000
Expenses	72,783,000	51,721,000
Depreciation & amortization	5,372,000	3,144,000
Interest expense	3,661,000	1,810,000
Restructured operations	1,422,000	—

Income (loss) before taxes	\$ (5,275,000)	\$ 10,324,000
Income taxes (credit)	(1,890,000)	3,181,000
Net Income (Loss)	\$ (3,385,000)	\$ 7,143,000

Assets

As of	1/31/87	2/1/86
Cash	\$ 5,513,000	\$ 940,000
Marketable securities	—	19,115,000
Accts. receiv., net	13,993,000	12,718,000
*Inventories	57,265,000	55,765,000
Recoverable income taxes	2,233,000	—
Other assets	3,817,000	2,560,000
Current Assets	\$ 82,821,000	\$ 91,098,000
*Fixed assets	33,302,000	30,103,000
Other assets	3,954,000	4,315,000
Total Assets	\$ 120,077,000	\$ 125,516,000

Liabilities

Notes payable	\$ —	\$ 10,350,000
Long-term debt, curr.	522,000	1,227,000

Cap. lease oblig., curr.	36,000	124,000
Accts. payable	35,505,000	26,859,000
Accruals	7,382,000	5,204,000
Income taxes	—	1,510,000

Curr. Liabilities	\$ 43,445,000	\$ 45,274,000
Long-term debt	20,468,000	20,775,000
Cap. lease oblig.	976,000	1,012,000
Def. taxes on income	748,000	433,000
+ Common stock	600,000	478,000
Add. paid-in capital	25,085,000	25,199,000
Retained earnings	28,960,000	32,345,000
Treasury stock	(205,000)	—

Total Liabilities & Shareholders' Equity	\$ 120,077,000	\$ 125,516,000
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* At lower of cost (LIFO and FIFO) or market.
‡ Less accumulated depreciation.
+ \$0.10 par value.

Statistical Summary

%Income bef. taxes to Sales	—	4.74
%Net Income to Sales	—	3.28
%Net Income to Equity	—	12.31
Sales to Inventories	4.27	3.91
Debt to Equity	0.38	0.58
Working Capital	\$39,376,000	\$45,824,000
Current Ratio	1.91	2.01
Shareholders' Equity	\$54,440,000	\$58,022,000

Grossman's Inc.

(formerly Evans Products Company)

200 Union Street
Braintree, Massachusetts 02184
(617) 848-0100

Officers: Maurice Grossman, chairman of the board, president & chief executive officer; Stanley G. Berman, exec. v.p. administration; Everett P. Grossman, exec. v.p. real estate and development; Robert L. Harrow, exec. v.p. & president-Eastern region; Sydney L. Katz, exec. v.p., chief financial officer & treasurer; Frank J. Lynch, exec. v.p. & gen. mgr. Southwest Division; Robert S. Pacos, exec. v.p. & gen. mgr. Northwest Division; Joseph J. Vaeth, exec. v.p. & president-Western region; Richard L. Dawley, v.p. & controller; Robert L. Flowers, v.p. real estate; Richard E. Kent, v.p., secretary & general counsel.

Directors: Maurice Grossman, chairman of the board; William J. Nightingale, Tor B. Arneberg, Stephen J. Hopkins.

Business Activities: Operates 272 home improvement stores in 18 states under the names "Grossman's" and "Moore's."

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GROS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	272	1983	302
1985	276	1982	298
1984	306		

Sales and Earnings

	Net Sales +	Net Income ‡
1986	\$1,006,664,000	\$ 152,137,000
1985	875,587,000	(232,807,000)
1984	939,022,000	(31,188,000)
1983	789,910,000	(63,875,000)
1982	670,908,000	(64,821,000)

	No. of Com. Shares	Earn. per Share ‡
1986	20,000,000	\$ 7.61
1985	13,809,000	—
1984	13,809,000	—
1983	13,699,000	—
1982	13,599,000	—

(Loss)

+ Of continuing operations only.

‡ Including extraordinary gain of \$224,778,000 (\$11.24 per share) in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 25,221,000	\$ 1.26
1985	(128,378,000)†	—
1984	105,533,000†	7.64
1983	142,456,000†	10.32
1982	211,575,000†	15.56

(Deficiency)

‡ After allowing for preferred stock at stated value.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 1,006,664	\$ 875,587
Cost of sales	715,315	632,061
Expenses	255,899	242,833
Depreciation & amortization	7,147	7,193
Interest expense	29,177	2,605
Interest income	(6,667)	(5,203)

Income (loss) before taxes	\$ 5,793	\$ (3,902)
Income taxes	2,867	—

Income (loss) from cont. oper.	\$ 2,926	\$ (3,902)
Loss from discont. oper.	(75,567)	(228,905)

Net Loss	\$ (72,641)	\$ (232,807)
Extraord. gain	224,778	—

Net Income (loss) & extraord. gain	\$ 152,137	\$ (232,807)
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Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 38,159	\$ 49,211
Accts. receiv., net	56,795	42,729
*Inventories	146,279	140,842
Restricted assets	15,869	—
Other curr. assets	7,881	5,100

Current Assets	\$ 264,983	\$ 237,882
*Fixed assets	98,640	100,223
Other assets	10	71

Total Assets	\$ 363,633	\$ 338,176
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Liabilities (000's)

Long-term debt, curr.	\$ 16,704	\$ 3,968
Cap. lease oblig., curr.	909	658
Accts. payable & accruals	82,127	55,430
Accrued interest	5,193	720
Chap. XI distrib. pay.	23,120	—
Net liab. of discont. oper.	—	234,989

Curr. Liabilities	\$ 128,053	\$ 295,765
Liab. deferred pursuant to Chap. XI	—	104,906
Long-term debt	209,270	17,469
Cap. lease oblig.	1,089	1,742
+ Preferred stock	—	45,672
+ + Common stock	200	16,986
Add. paid-in capital	110,800	146,559

Retained earnings (deficit)	(85,779)	(237,916)
Cum. trans. adjust.	—	(5,372)
Treasury stock	—	(48,635)

Total Liabilities & Shareholders' Equity	\$ 363,633	\$ 338,176
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* At lower of cost (average) or market.
 † Less accumulated depreciation and amortization.
 ‡ No par value.
 +++ \$0.01 par value; \$1 par value in 1985.

Statistical Summary

Sales to Inventories	6.88	6.22
Debt to Equity	9.04	—
Working Capital	\$136,930,000	—
Current Ratio	2.07	—
Shareholders' Equity (Deficiency)	\$ 25,221,000	\$(81,706,000)

Hancock Fabrics, Inc.

3406 West Main Street
 Tupelo, Mississippi 38801
 (601) 842-2834

Mailing address:

P.O. Box 2400
 Tupelo, Mississippi 38803

Officers: Morris O. Jarvis, chairman, chief exec. officer & president; Donald L. Richey, exec. v.p.; Robert C. Moore, sr. v.p., chief financial officer & secretary; Dean W. Abraham, Jack W. Busby, Jr., Billy M. Morgan, v.p.'s & operations managers; David H. Jensen, v.p.-personnel; Larry G. Kirk, v.p. & controller; R. Brock Pope, v.p. & warehouse notions operations mgr.; William D. Smothers, v.p.-real estate; Charles R. Warren, v.p. & warehouse fabric operations mgr.; Carl W. Zander, v.p. & head buyer.

Directors: Morris O. Jarvis, chairman; Don L. Frugé, Ivan Owen, Donald L. Richey, Donna L. Weaver.

Business Activities: Operates 325 retail fabric stores in 29 states under the names "Hancock Fabrics," "Minnesota Fabrics," "Fabric Warehouse" and "Fabric Market."

Transfer Agent(s):

Citizens and Southern Trust Company (Georgia), N.A.

Stock Exchange(s): New York

Ticker Symbol: HKF

Number of Stores: (at fiscal year end)

1987 325

NOTE: Hancock is a wholly owned subsidiary of Lucky Stores, Inc. and has been operated with a substantial degree of autonomy. Consolidated financial statements include the accounts of Hancock and its subsidiaries.

Sales and Earnings

	Net Sales	Net Income
1986	\$ 289,940,000	\$ 23,466,000
1985	281,643,000	18,567,000
1984	169,503,000	15,748,000
1983	161,978,000	14,322,000
1982	161,425,000	13,817,000

No. of Com. Shares

	No. of Com. Shares	Earn. per Share
1986	400	\$ —
1985	400	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 167,918,000	\$ —
1985	144,452,000	—
1984	125,885,000	—
1983	110,137,000	—
1982	100,816,000	—

Income Account* (000's)

Year ended	2/1/87	2/2/86
Net sales	\$ 289,940	\$ 281,643
Cost of sales	149,854	153,765

Expenses	95,030	92,067
Depreciation & amortization	3,319	3,392
Interest expense	908	1,243
Interest income	(4,862)	(4,942)

Income before taxes	\$ 45,691	\$ 36,118
Income taxes	22,225	17,551
Net income	\$ 23,466	\$ 18,567

Assets (000's)

As of	2/1/87	2/2/86
Cash	\$ 74,932	\$ 62,701
Accts. receiv., net	4,671	4,174
*Inventories	116,364	105,245
Prepaid expenses	2,269	2,240
Current Assets	\$ 198,236	\$ 174,360
Notes receivable	2,190	3,147
†Fixed assets	19,598	20,390
Other assets	662	338
Total Assets	\$ 220,686	\$ 198,235

Liabilities (000's)

Long-term debt & cap. lease oblig., curr.	\$ 356	\$ 1,402
Accts. payable	24,077	31,902
Accruals	8,982	9,321
Income taxes	12,160	943
Deferred income taxes	2,560	2,035

Curr. Liabilities	\$ 48,135	\$ 45,603
Long-term debt	80	2,649
Cap. lease oblig.	1,652	1,976
Deferred inc. taxes	1,235	1,045
Other liabilities	1,666	2,510
+ Common stock	400	400
Add. paid-in capital	1,014	1,014
Retained earnings	166,504	143,038

Total Liabilities & Shareholders' Equity	\$ 220,686	\$ 198,235
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* At lower of cost (LIFO) or market.
 † Less accumulated depreciation and amortization.
 ‡ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	15.76	12.82
%Net Income to Sales	8.09	6.59
%Net Income to Equity	13.97	12.85
Sales to Inventories	2.49	2.68
Debt to Equity	0.01	0.04
Working Capital	\$150,101,000	\$128,757,000
Current Ratio	4.12	3.82
Shareholders' Equity	\$167,918,000	\$144,452,000

Hannaford Bros. Co.

145 Pleasant Hill Road
 Scarborough, Maine 04074
 (207) 883-2911

Mailing address:

P.O. Box 1000
 Portland, Maine 04104

Officers: James L. Moody, Jr., chairman of the board & chief executive officer; Hugh G. Farrington, president & chief operating officer; Ralph T. Perry, sr. v.p.; Roger W. Hoyt, sr. v.p.-retail operations; Everett F. Johnson, v.p.-governmental relations & administrative services; Virgil E. Beane, v.p.-distribution; Norman E. Brackett, v.p.-management services;

Larry A. Plotkin, v.p.-corp. development; James J. Jermann, v.p.-merchandising; Robert E. Danton, v.p.-Wellby Super Drug Stores; Katherine M. Greenleaf, v.p.-human resources; John J. Russell, sr. v.p.-finance & treasurer; Albert F. Carville, Jr., v.p.-technical services; Robert B. Williamson, Jr., secretary & clerk; Charles H. Crockett, Peter B. Webster, asst. secretaries.

Directors: William D. Ireland, Jr.*, E. Robert Kinney, David F. Sobey*, James L. Moody, Jr.*, Florence C. Petrik, John J. Russell*, Walter J. Salmon*, William A. Andres, Duane Peters, Hugh G. Farrington*, Herbert H. Goldberger, William T. End, Robert D. Bolinder.

* Member of the Executive Committee.

Business Activities: Sells food and non-food items through 66 Shop'n Save, Sun Foods or Martin's supermarkets in Maine, New Hampshire and Vermont; 54 are wholly-owned, 12 are majority-owned. Operates 36 wholly-owned Wellby Super Drug Stores. Owns a wholesale distributor of specialty foods, general merchandise, pharmaceuticals and health and beauty aids.

Subsidiaries:

The Sampson Supermarkets, Inc.
 Sun Foods, Inc.
 Cottle's Shop 'n Save, Inc.
 Shop-Rite Supermarkets, Inc. (51% owned)
 Shop'n Save Inc.
 Analytical Services, Inc.
 Wellby Super Drug Stores, Inc.
 South Paris Shop 'n Save, Inc. (51% owned)
 Hampden Food Stores (51% owned)
 Martin's Food of South Burlington, Inc.
 Guy's Super Markets, Inc. (51% owned)
 Progressive Distributors, Inc. (51% owned)
 Hanbro, Inc.
 Hannaford Properties, Inc.
 Reece Development, Inc.
 Shop 'n Save Realty, Inc.
 Hannaford Trucking Company
 Second Hannaford Properties, Inc.
 Third Hannaford Properties, Inc.
 MB-Save, Inc.
 Shopping Center Properties, Inc.
 Warehouse Properties, Inc.
 Reece Development, Inc. (Me.)
 Plain Street Properties, Inc.
 Mr. B's Enterprises
 MB-Super, Inc.
 MB-Food, Inc.
 MB-Mass., Inc.
 MB-New York, Inc.

Transfer Agent(s):

The First National Bank of Boston
 Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: HRD

Number of Stores*: (at fiscal year end)

1986	102	1983	96
1985	101	1982	103
1984	98		

* Including "partnership" and wholly-owned stores.

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1986*	\$ 898,982	\$ 18,817
1985	807,019	14,399
1984	707,282	11,346
1983	624,340	9,642
1982	559,209	7,889

No. of Com. Shares

	No. of Com. Shares	Earn. per Share ‡
1986*	9,179,000	\$ 2.05
1985	8,295,000	1.74
1984	7,994,000	1.42
1983	7,491,000	1.29
1982	6,372,000	1.24

* 53 weeks.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Hannaford Bros. Co.

	Common Stock		
	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.500	—	—
1985	0.477	50%	—
1984	0.389	50%	—
1983	0.355	—	—
1982	0.300	100%	—

† Adjusted to reflect stock dividends.

	Common Stock Equity	
	Total Equity	Equity Per Share ‡
1986	\$ 119,800,819	\$ 13.05
1985	104,508,772	12.60
1984	71,963,247	9.00
1983	63,103,644	8.42
1982	41,870,021	6.54

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.

Year ended	Income Account *	
	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 898,982,239	\$ 807,018,980
Cost of sales	669,817,639	610,667,124
Expenses	184,902,165	161,340,672
Interest expense	5,397,616	6,873,043
Income before taxes	\$ 38,864,819	\$ 28,138,141
Income taxes	19,386,420	12,811,997
Minority interest	661,495	926,842
Net Income	\$ 18,816,904	\$ 14,399,302

* Included in Costs and Expenses, Depreciation and Amortization: \$15,057,332 in 1986 and \$13,190,675 in 1986.

As of	Assets	
	1/3/87	12/28/85
Cash & cash items	\$ 6,372,487	\$ 14,875,118
Notes & accts. receiv.	4,318,297	4,853,563
*Inventories	64,076,219	50,614,380
Prepaid expenses	2,097,171	1,474,268
Deferred inc. taxes	551,000	560,000
Current Assets	\$ 77,415,174	\$ 72,377,329
Fixed assets	143,384,467	121,469,957
Oblig. under cap. lease	15,764,631	15,812,508
Investments	4,671,258	1,949,021
Other assets	12,356,538	8,311,749
Total Assets	\$ 253,592,068	\$ 219,920,564
	Liabilities	
	1/3/87	12/28/85
Short-term borrowing	\$ 4,500,000	\$ —
Long-term debt, curr.	2,090,077	2,732,691
Accts. payable	31,782,938	24,794,103
Accruals	14,246,902	11,067,438
Income taxes	3,136,086	2,004,320
Oblig. under cap. lease, curr.	985,949	1,027,995
Curr. Liabilities	\$ 56,741,952	\$ 41,626,547
Long-term debt	34,887,244	36,505,187
Oblig. under cap. lease	20,068,141	20,065,718
Deferred credit	15,316,785	10,699,986
Minority interest	6,777,127	6,514,354
+ Common stock	6,912,452	6,857,437
Add. paid-in capital	43,688,994	42,675,656
Retained earnings	69,199,373	54,975,679
Total Liabilities & Shareholders' Equity	\$ 253,592,068	\$ 219,920,564

* At lower of cost (FIFO) or market, groceries at cost (LIFO).
+ Less accumulated depreciation.
+ \$0.75 par value.

Statistical Summary		
%Income bef. Taxes to Sales	4.32	3.49
%Net Income to Sales	2.09	1.78

%Net Income to Equity	15.71	13.78
Sales to Inventories	14.03	15.94
Debt to Equity	0.29	0.57
Working Capital	\$ 20,673,222	\$ 30,750,782
Current Ratio	1.36	1.74
Shareholders' Equity	\$119,800,819	\$104,508,772

Hartmarx Corporation

(formerly Hart Schaffner & Marx)

101 North Wacker Drive
Chicago, Illinois 60606
(312) 372-6300

Officers: John R. Meinert, chairman and chief administrative officer; Elbert O. Hand, president & chief operating officer; Harvey Weinberg, vice chairman & chief exec. officer; Sherman D. Rosen, v.p.-human resources; Ralph Kaufmann, v.p.-licensing; Frank Brenner, v.p.-marketing services; James E. Condon, v.p. & treasurer; Jerome Dorf, sr. v.p. & chief financial officer; Guy Gunzburg, v.p.-information systems; Glenn R. Morgan, v.p. & controller; Carey M. Stein, v.p., secretary & general counsel.

Directors: Jerome S. Gore*, John R. Meinert, Burton B. Ruby, Charles Marshall*, A. Robert Abboud*, James E. Devitt*, Donald P. Jacobs*, Raymond Farley*, Harvey A. Weinberg, Sam F. Segnar*, Elbert O. Hand, Letitia Baldrige.

* Member of the Executive Committee.

Business Activities: Designs and manufactures a wide variety of men's and women's apparel. The Company's retail activities consist of the following: Hartmarx Specialty Stores, Inc. operates 230 high quality apparel specialty stores catering to business and professional men and women across the country under such names as Wallachs, Baskin, Hastings, Jas. K. Wilson, Silverwoods and F.R. Tripler. Kuppenheimer is a direct to consumer retailer of popular-priced suits, sportcoats and slacks which are sold through its own 110 retail stores. Country Miss operates 80 women's apparel outlets. Hartmarx also has a 49% interest in Robert's, a quality Mexico City manufacturer of men's clothing with 25 stores throughout Mexico.

Divisions and Subsidiaries:

Manufacturing Group

Austin Road of Regent Street
Christian Dior
Society Brand Ltd.
Graham & Gunn Ltd.
Fashionaire
Hart Schaffner & Marx Clothes
Henry Grethel
Sterling & Hunt

all at:
101 North Wacker Drive
Chicago, Illinois 60606
Plants located: Chicago (3) and Rock Island (2), Illinois;
Rochester, Indiana; Cape Girardeau & Chaffee, Missouri.

Hickey-Freeman Co., Inc.
1155 Clinton Avenue, North
Rochester, New York 14621

Johnny Carson Apparel, Inc.
2020 Elmwood Avenue
Buffalo, New York 14207

Jaymar-Ruby, Inc.
5000 South Ohio Street
Michigan City, Indiana 46360

Intercontinental Apparel, Inc.
888 7th Avenue
New York, New York 10019

Briar, Inc.
California-based manufacturer of men's ties and related jewelry.

Gleneagles, Inc.
808 Gleneagles Court
Baltimore, Maryland 21204

Country Miss, Inc. (92% owned)
Tatamy & Kesslersville
P.O. Box 769
Easton, Pennsylvania 18042

Thorngate Uniforms, Inc.
2 DeKalb Street
Norristown, Pennsylvania 19401

Retail Stores Group

Baskin
Chicago, Rockford, Champaign-Urbana, Illinois; Madison, Wisconsin.

Ray Beers
Topeka, Kansas

Capper & Capper, Ltd.
Chicago, Illinois
Detroit, Michigan

Field Bros.
New York, New York; New Jersey

Arthur Frank
Salt Lake City, Utah

Frank Bros.
San Antonio, Texas

Hanny's
Phoenix, Arizona

Hastings
San Francisco, Oakland, San Jose & Monterey, California

Jack Henry
Kansas City, Missouri

Hayward Mahon
Greenville, South Carolina

J.O. Jones
Charlotte & Raleigh, North Carolina

Kleinhaus
Buffalo, New York

Klopfenstein's
Seattle & Tacoma, Washington; Portland, Eugene, Salem, Oregon; Anchorage, Alaska

Leopold, Price & Rolfe
Houston, Texas

Levy-Wolf
Jacksonville, Florida

Liemandt's
Minneapolis, St. Paul, Minnesota

Littlers
Seattle, Washington

Merritt Schaeffer & Brown
Austin, Texas

Porter-Stevens
New Orleans, Louisiana

Root's
Summit and Red Bank, New Jersey

Shulman's
Norfolk & Hampton, Virginia

Silverwoods
Los Angeles, Palm Springs, Anaheim, Santa Barbara, California
Las Vegas, Nevada

Stevens
Jackson, Mississippi

F.R. Tripler & Co.
New York, New York

Walkers
Columbus, Dayton, Akron & Canton, Ohio

Wallachs
New York, Connecticut, Massachusetts, New Jersey, Rhode Island & New Hampshire

The Harvey Group, Inc.

Wallachs of Florida
Miami, Fort Lauderdale, Boca Raton, & Pompano Beach,
Florida

Jan. K. Wilson
Dallas and Ft. Worth, Texas

Wolf Bros.
Tampa, St. Petersburg, Ft. Myers & Bradenton, Florida

Zachry
Savannah, Atlanta, Georgia; Montgomery, Alabama;
Asheville, North Carolina

deJong's
Evansville, Indiana

Robert's (49% owned)
Mexico City, Mexico

Transfer Agent(s):

The First National Bank of Chicago
Chicago, Illinois 60670

Stock Exchange(s): New York, Midwest

Ticker Symbol: HSM

Number of Stores: (at fiscal year end)

1986	440	1983	400
1985	467	1982	348
1984	453		

Sales and Earnings

	Net Sales	Net Income
1986	\$1,063,011,000	\$ 24,775,000
1985	1,109,537,000	42,660,000
1984	1,070,830,000	41,735,000
1983	961,846,000	37,615,000
1982	863,231,000	31,870,000

No. of Com. Shares + Earn. per Share ‡

1986	20,396,213	\$ 1.20
1985	18,883,002	2.25
1984	18,590,406	2.24
1983	18,357,936	2.03
1982	17,951,710	1.68

‡ Adjusted to reflect stock splits.

§ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986	1985	1984	1983
Retail stores division	46%	57%	57%	56%
Manufacturing division	54	43	43	44
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.90 1/2	—	3-for-2
1985	0.85 1/2	—	—
1984	0.74 1/2	—	—
1983	0.60 1/2	—	3-for-2
1982	0.53 1/2	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 358,718,000	\$ 17.59
1985	332,412,000	17.61
1984	301,891,000	16.24
1983	271,703,000	14.80
1982	241,350,000	13.46

‡ After allowing for preferred stock at liquidation value of \$67.50 per share.

† Adjusted to reflect stock splits.

Income Account *

Year ended Nov. 30	1986	1985
Net sales	\$ 1,063,011	\$ 1,109,537
Other income	13,616	16,052
Total income	\$ 1,076,627	\$ 1,125,589
Cost of sales	628,036	641,246
Expenses	391,652	391,079
Interest expense	9,414	12,014
Income before taxes	\$ 47,525	\$ 81,250
Income taxes	22,750	38,590
Net Income	\$ 24,775	\$ 42,660

* Included in Costs and Expenses, Depreciation and Amortization: \$21,048,000 in 1986 and \$19,625,000 in 1985.

Assets (000's)

As of Nov. 30	1986	1985
Cash & short term inv.	\$ 3,903	\$ 22,246
Accts. receiv., net	175,031	188,583
*Inventories	298,117	310,944
Prepaid expenses	5,858	8,430
Current Assets	\$ 482,909	\$ 530,203
#Fixed assets	129,219	129,694
Other assets	9,405	9,362
Total Assets	\$ 621,533	\$ 669,259

Liabilities (000's)

Notes payable	\$ 33,000	\$ 38,600
Long-term debt, curr.	6,056	11,216
Accts. payable & accruals	120,807	138,176
Income taxes	10,649	12,032
Deferred taxes	21,443	22,078
Curr. Liabilities	\$ 191,955	\$ 222,102
Long-term debt	70,860	71,200
Convert. subord. debn.	—	43,545
+ Common stock	58,351	34,925
Add. paid-in capital	41,711	20,164
Retained earnings	312,369	306,159
Foreign curr. adj.	(5,876)	(5,876)
Treasury Stock	(47,837)	(22,960)
Total Liabilities & Shareholders' Equity	\$ 621,533	\$ 669,259

* At lower of cost (LIFO and FIFO) or market.

Less accumulated depreciation and amortization.

+ \$2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.47	7.32
%Net Income to Sales	2.33	3.84
%Net Income to Equity	6.91	12.83
Sales to Inventories	3.57	3.57
Debt to Equity	0.21	0.25
Working Capital	\$290,954,000	\$308,101,000
Current Ratio	2.52	2.39
Shareholders' Equity	\$358,718,000	\$332,412,000

Directors: Michael E. Gellert, Harvey E. Sampson, Richard M. Ramin, Edward J. Maher, William F. Kenny, III, Robert C. Cignarella, Glenn E. Hemmerle, Mark N. Kaplan, John M. Fox.

Business Activities: Engaged in the retail sale of audio and high-fidelity equipment, home entertainment systems, video electronic equipment, television sets, professional and home recording equipment, phonograph records, tapes, and similar products; operates stores in New York City and White Plains, New York, and Paramus, New Jersey. Also operates a food brokerage division.

Divisions and Subsidiaries:

Harvey Electronics
New York, New York

The Boerner Company
Great Neck, New York

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: HRA

Number of Stores: (at fiscal year end)

1987	3	1984	3
1986	3	1983	3
1985	2		

Sales and Earnings

	Revenues +	Net Income
1987	\$ 28,819,724	\$ 22,744
1986	24,633,103	424,778
1985	27,974,446	(2,617,298)
1984	28,208,717	(742,569)
1983	23,754,104	(3,610,987)

No. of Com. Shares Earn. per Share ‡

1987	2,553,500	\$ 0.01
1986	2,551,000	0.16
1985	2,551,000	—
1984	2,551,000	—
1983	2,550,215	—

(Loss)

+ Of continuing operations only.

‡ Including extraordinary gains of \$4,000 in 1987, \$154,450 (\$0.06 per share) in 1986 and extraordinary loss of \$118,000 (\$0.05 per share) in 1983.

Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1987	1986
Food brokerage	\$ 12,177,923	\$ 10,749,647
Retail	16,619,872	13,837,673
Total segments	\$ 28,797,795	\$ 24,587,320
Interest income	21,929	45,783
Revenues	\$ 28,819,724	\$ 24,633,103

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 7,215,319	\$ 2.83
1986	7,190,075	2.82
1985	6,765,297	2.65
1984	9,382,595	3.68
1983	10,122,607	3.97

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 16,619,872	\$ 13,837,673
Commissions	12,177,923	10,749,647
Other income	21,929	45,783
Total Income	\$ 28,819,724	\$ 24,633,103
Cost of sales	11,148,688	9,480,242
Expenses	17,495,933	14,879,450
Interest expense	152,359	173,633
Prov. for store clos.	—	(325,000)

The Harvey Group, Inc.

245 Great Neck Road
Great Neck, New York 11022
(516) 466-5790

Officers: Harvey E. Sampson, chairman of the board & president; Edward J. Maher, vice chairman; Robert C. Cignarella, exec. v.p.; Glenn E. Hemmerle, exec. v.p.; Dennis R. Wilson, v.p., chief financial officer & secretary.

The Harvey Group, Inc.

Inc. bef. taxes	\$ 22,744	\$ 424,778
Income taxes	4,000	154,450
/Net income	\$ 18,744	\$ 270,328
Extraord. gain	4,000	154,450
Net Income & extraord. gain	\$ 22,744	\$ 424,778

* Included in Costs and Expenses, Depreciation and Amortization: \$416,816 in 1987 and \$357,723 in 1986.

Assets		
As of	1/31/87	2/1/86
Cash	\$ 256,669	\$ 599,073
Receiv., net	2,329,663	2,304,782
Refundable income taxes	527,407	571,415
*Inventories	3,210,499	3,644,204
Prepaid expenses & other assets	174,195	59,366
Current Assets	\$ 6,498,433	\$ 7,178,840
#Fixed assets	1,541,466	1,796,479
Other assets	4,561,954	4,587,251
Total Assets	\$ 12,601,853	\$ 13,562,570

Liabilities		
Long-term debt, curr.	\$ 423,343	\$ 380,848
Accts. payable	1,929,110	2,105,584
Accruals	1,540,275	2,280,139
Income taxes	67,870	89,052
Curr. Liabilities	\$ 3,960,598	\$ 4,855,623
Long-term debt	1,020,304	1,056,074
Cap. lease oblig.	—	3,827
Other liab.	302,632	353,971
Def. income taxes	103,000	103,000
+ Common stock	2,553,500	2,551,000
Add. paid-in capital	5,939,255	5,939,255
Accum. deficit	(1,277,436)	(1,300,180)
Total Liabilities & Shareholders' Equity	\$ 12,601,853	\$ 13,562,570

* At lower of cost (FIFO) or market.

Less accumulated depreciation & amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.14	3.07
%Net Income to Sales	0.11	1.95
%Net Income to Equity	0.26	3.76
Sales to Inventories	5.18	3.80
Debt to Equity	0.14	0.20
Working Capital	\$2,537,835	\$2,323,217
Current Ratio	1.64	1.48
Shareholders' Equity	\$7,215,319	\$7,190,075

Directors: Rawson Haverty, Frank S. McGaughey, Jr., Leonard O. Gay, F.M. Jones, Jr., Alexander W. Smith, Gordon Jones, Fred J. Bates, John Rhodes Haverty, Clarence H. Ridley, Kenneth Black, Jr., John C. Wilson, James R. Jones, John E. Slater, Jr., Lynn H. Johnston, William A. Parker, Robert R. Woodson.

Business Activities: Operates a chain of retail home furnishings stores in 10 southern states.

Transfer Agent(s):

Wachovia Bank and Trust Company, N.A.
Corporate Trust Department
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HAVT (NASDAQ)

Number of Stores: (at fiscal year end)

1986	72	1983	65
1985	68	1982	65
1984	65		

Sales and Earnings: ‡

	Net Sales *	Net Income
1986	\$ 188,715,000	\$ 7,250,000
1985	176,595,000	10,284,389
1984	158,398,000	6,870,764
1983	141,064,000	5,345,721
1982	113,235,000	2,610,280
	No. of Com. Shares #	Earn. per Share #
1986	6,007,000	\$ 1.21
1985	5,975,000	1.72
1984	5,947,000	1.16
1983	5,558,000	0.96
1982	5,242,000	0.50

‡ Restated to reflect change in the reporting of credit service charges.

* Includes service charges and credit life insurance revenues.

Based on the average number of shares outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.60	—	2-for-1
1985	0.54	—	—
1984	0.48	—	—
1983	0.36	—	2-for-1 & 5-for-4
1982	0.32	5%	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 62,506,000	\$ 10.44
1985	57,572,985	9.60
1984	48,774,501	8.22
1983	43,600,696	7.32
1982	34,396,603	6.59

+ Adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 188,715,000	\$ 176,595,000
Cost of sales	104,381,000	98,041,000
Credit service & credit life insur. revenue	(11,168,000)	(10,477,000)
Expenses	77,702,000	73,032,000
Interest expense	5,015,000	4,692,000
Losses on accounts	1,851,000	1,585,000
Other income	(2,699,000)	(7,776,000)

Income before taxes	\$ 13,633,000	\$ 17,498,000
Income taxes	6,383,000	7,214,000
Net Income	\$ 7,250,000	\$ 10,284,000

* Included in Costs and Expenses, Depreciation and Amortization: \$3,410,000 in 1986 and \$2,648,000 in 1985.

‡ Restated.

Assets		
As of Dec. 31	1986	1985
Cash	\$ 1,223,000	\$ 4,070,325
Accts. receiv., net	68,817,000	64,309,309
*Inventories	34,513,000	30,570,489
Prepaid expenses	862,000	872,634
Current Assets	\$ 105,415,000	\$ 99,822,657
#Fixed assets	50,545,000	42,619,823
Other assets	2,597,000	1,799,409
Total Assets	\$ 158,557,000	\$ 144,201,889

Liabilities		
Long-term debt, curr.	\$ 4,648,000	\$ 3,926,978
Cap. lease oblig., curr.	341,000	314,456
Accts. payable & accruals	16,069,000	15,462,244
Income taxes	13,424,000	12,351,294
Curr. Liabilities	\$ 34,482,000	\$ 32,054,972
Long-term debt	50,594,000	44,247,852
Cap. lease oblig.	7,863,000	8,203,728
Deferred inc. taxes	1,908,000	1,237,800
Other liabilities	1,204,000	884,552
+ Common stock	3,388,000	3,026,976
+ Class A Common stock	2,693,000	—
Add. paid-in capital	5,887,000	5,944,984
Retained earnings	51,389,000	48,977,757
Treasury stock	(851,000)	(376,732)
Total Liabilities & Shareholders' Equity	\$ 158,557,000	\$ 144,201,889

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.22	9.91
%Net Income to Sales	3.84	5.82
%Net Income to Equity	11.60	17.86
Sales to Inventories	5.47	5.12
Debt to Equity	1.02	0.98
Working Capital	\$70,933,000	\$67,767,685
Current Ratio	3.06	3.11
Shareholders' Equity	\$62,506,000	\$57,572,985

Hechinger Company

3500 Pennsy Drive
Landover, Maryland 20785
(301) 341-1000

Officers: John W. Hechinger, co-chairman of the board; Richard England, co-chairman of the board; John W. Hechinger, Jr., president; Stephen E. Bachand, exec. v.p.; Philip J. Mansfield, exec. v.p.; Richard L. Ponton, sr. v.p. & director of stores; Sally A. Courtney, sr. v.p.-gen. merchandise mgr.; Joan S. England, sr. v.p.-marketing; Catherine S. Russell, sr. v.p.-human resources; S. Ross Hechinger, sr. v.p.-distribution; W. Clark McClelland, v.p.-finance & treasurer; Lennie H. Zaller, v.p. & controller; Robert G. DeMarco, v.p.-management information services; Joanne M. Barrett, Gerald W. Brase, George L. Kelly, v.p.'s & div. merchandise managers; John R. McGrath, v.p. & regional mgr.; Gary G. Rhea, v.p. & regional mgr.; Roger K. Wright, v.p.-real estate & development; Pamela D. McMillan, corp. secretary.

Directors: Richard England, John W. Hechinger, Philip J. Mansfield, Stephen E. Bachand, W. Clark McClelland, Richard L. Ponton, Sally A. Courtney, John W. Hechinger, Jr., Joan S. England, S. Ross Hechinger, Catherine S. Russell.

Haverty Furniture Companies, Inc.

866 West Peachtree Street, N.W.
Atlanta, Georgia 30308
(404) 881-1911

Mailing address:

P.O. Box 54678
Civic Center Station
Atlanta, Georgia 30379

Officers: Rawson Haverty, chairman & chief exec. officer; Frank S. McGaughey, Jr., president & chief operating officer; Leonard O. Gay, exec. vice president & chief financial officer; John E. Slater, Jr., sr. v.p.; James E. Smith, v.p.; Hugh G. Wells, Jr., v.p. & treasurer; Christine M. Jones, asst. v.p. & secretary; Daniel E. Walters, v.p.-credit & collections; Clarence H. Smith, v.p.; Roger P. Whitaker, v.p.; Thomas P. Curran, v.p.; Joan S. Nagy, asst. v.p.; Rawson Haverty, Jr., asst. secretary; Dan C. Bryant, comptroller; Kenneth A. Fogle, asst. v.p.; W. Tony Wilkerson, asst. v.p.; William Thomason, asst. v.p.

Business Activities: Operates home-center stores in Washington, D.C., Maryland, Virginia, Pennsylvania, North Carolina, Ohio, South Carolina, New Jersey and New York.

Transfer Agent(s):

First Union National Bank
Securities Transfer Dept. GMG-5
Charlotte, North Carolina 28288

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HECHA and HECHB (NASDAQ)

Number of Stores: (at fiscal year end)

1987	62	1984	41
1986	54	1983	34
1985	47		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 588,392,000	\$ 28,254,000
1986	479,040,000	23,111,000
1985	405,077,000	20,923,000
1984	309,498,773	16,242,955
1983	241,261,144	11,743,602
	No. of Com. Shares +	Earn. per Share +
1987	30,714,227	\$ 0.92
1986	29,826,832	0.77
1985	28,503,762	0.73
1984	28,339,820	0.57
1983	27,141,717	0.43

+ Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	\$0.21	—	5-for-4
1986	0.18	—	5-for-4
1985	0.16	—	—
1984	0.10	25%	—
1983	0.04	—	5-for-4 & 3-for-2

† Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 198,529,000	\$ 6.46
1986	171,724,000	5.76
1985	121,014,000	4.25
1984	100,508,458	3.55
1983	71,083,223	2.62

+ Based on the average number of common shares and common share equivalent outstanding adjusted to reflect stock dividend and stock splits.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 588,392,000	\$ 479,040,000
Other income	9,472,000	10,388,000
Total income	\$ 597,864,000	\$ 489,428,000
Cost of sales	411,158,000	338,904,000
Expenses	128,849,000	103,423,000
Interest expense	10,103,000	9,811,000
Income before taxes	\$ 47,754,000	\$ 37,290,000
Income taxes	19,500,000	14,179,000
Net Income	\$ 28,254,000	\$ 23,111,000

* Included in Costs & Expenses, Depreciation & Amortization: \$8,798,000 in 1987 and \$6,594,000 in 1986.

Assets

As of	1/31/87	2/1/86
Cash	\$ 2,179,000	\$ 8,495,000
Marketable securities	152,140,000	118,797,000

Accts. receiv., net	45,790,000	41,844,000
*Inventories	99,175,000	84,526,000
Prepaid expenses	14,252,000	15,330,000

Current Assets	\$ 313,536,000	\$ 268,992,000
#Fixed assets	79,725,000	80,615,000
Other assets	4,154,000	3,483,000

Total Assets	\$ 397,415,000	\$ 353,090,000
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Liabilities

Cap. lease oblig., curr.	\$ 383,000	\$ 343,000
Accts. payable	66,903,000	56,474,000
Inc. taxes payable	3,254,000	—
Deferred income taxes	—	4,735,000

Current Liabilities	\$ 70,540,000	\$ 61,552,000
Long-term debt & cap. lease oblig.	108,052,000	109,112,000
Deferred inc. taxes	10,454,000	3,319,000
Deferred rent	9,840,000	7,383,000
+ Class A common stock	1,427,000	1,096,000
+ Class B common stock	1,625,000	1,335,000
Add. paid-in capital	83,883,000	83,421,000
Retained earnings	112,130,000	85,872,000
Treasury stock	(536,000)	—

Total Liabilities & Shareholders' Equity	\$ 397,415,000	\$ 353,090,000
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* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.10 per value.

Statistical Summary

%Income bef. Taxes to Sales	8.12	7.78
%Net Income to Sales	4.80	4.82
%Net Income to Equity	14.23	13.46
Sales to Inventories	5.93	5.67
Debt to Equity	1.05	0.64
Working Capital	\$242,996,000	\$207,440,000
Current Ratio	4.44	4.37
Shareholders' Equity	\$198,529,000	\$171,724,000

Chain of 34 department stores located in Kentucky, West Virginia, Virginia and Tennessee.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: HEX

Number of Stores: (at fiscal year end)

1986	158	1983	122
1985	166	1982	119
1984	125		

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 566,347,000	\$ (18,269,000)
1985	523,332,000	(4,908,000)
1984	464,734,000	(7,782,000)
1983	435,056,000	9,554,000
1982	399,283,000	11,144,000
	No. of Com. Shares #	Earn. per Share #
1986	8,910,782	\$ —
1985	8,866,809	—
1984	9,002,897	—
1983	9,318,522	1.03
1982	9,797,419	1.14

(Loss)

+ Of continuing operations only.

Based on the weighted average number of common shares outstanding.

Revenues By Line of Business
(000's)

	1986	1985
Discount dept. & shoe stores	\$ 515,069	\$ 466,952
Wholesale distributors	58,609	59,079
Other industries	1,011	2,285
Total	\$ 574,689	\$ 529,316

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.09	—	—
1985	0.28	—	—
1984	0.28	—	—
1983	0.27	—	—
1982	0.24	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 71,384,000	\$ 8.01
1985	90,715,000	10.23
1984	98,026,000	11.06
1983	113,392,000	12.26
1982	113,559,000	11.58

Income Account *
(000's)

Year ended	1986	1985
Dec. 31		
Net sales	\$ 566,347	\$ 523,332
Other income	8,342	5,984
Total income	\$ 574,689	\$ 529,316
Cost of sales	465,040	412,014
Expenses	120,728	114,289
Interest expense	12,672	12,967
Loss bef. taxes	\$ (23,751)	\$ (9,954)
Tax credit	(5,482)	(5,046)
Net Loss	\$ (18,269)	\$ (4,908)

* Included in Costs and Expenses, Depreciation and Amortization: \$9,925,000 in 1986 and \$9,013,000 in 1985.

Heck's, Inc.

(Operating under Chapter 11 of the U.S. Bankruptcy Code.)

Hub Industrial Park
McJunkin Road
P.O. Box 158
Nitro, West Virginia 25143
(304) 755-8331

Officers: Russell L. Isaacs, chairman of the board & chief executive & financial officer; Ray O. Darnall, vice chairman; James V. Doss, sr. v.p.-warehousing import merchandise; Royce A. Chambers, sr. v.p.-corporate information systems; Robert L. Frady, sr. v.p.-operations; Thomas A. Weaver, sr. v.p.-controller & chief accounting officer; Robert A. Petryszak, treasurer; William K. Bragg, Jr., secretary & general counsel.

Directors: Russell L. Isaacs, chairman; Ray O. Darnall, Gerald A. Eppner, Brenda H. Cole.

Business Activities: Operates discount department stores in seven states in the East and Midwest engaged in retailing clothing, home furnishings, hardware, auto accessories, housewares, toys, and sporting goods. Operates three wholesale distributors engaged in the distribution of automotive accessories and supplies, housewares, small appliances, hardware, sporting goods; also operates one deep discount drug store.

Divisions and Subsidiaries:

M & W Distributors Division
Poca, West Virginia

Wholesale distributing company of sporting goods, hardware, plumbing and electrical supplies.

Maloney Enterprises, Inc.
Mt. Sterling, Kentucky

Heck's, Inc.

Assets (000's)			
As of Dec. 31	1986	1985	
Cash & equivalents	\$ 10,002	\$ 12,730	
Accts. receiv., net	7,254	8,272	
*Inventories	123,593	162,250	
Refund. inc. taxes	6,177	6,170	
Other assets	7,021	5,429	
Current Assets	\$ 154,047	\$ 194,851	
Investments	5,301	5,120	
#Fixed assets	84,413	81,970	
Assets under cap. leases	15,720	17,743	
Other assets	2,398	2,861	
Total Assets	\$ 261,879	\$ 302,545	
Liabilities (000's)			
Notes payable	\$ 39,842	\$ 24,500	
Long-term debt, curr.	2,417	6,424	
Cap. lease oblig. curr.	1,543	1,519	
Accts. payable	55,755	72,651	
Income taxes	132	274	
Accrued comp.	5,085	2,599	
Accrued taxes	6,025	6,625	
Other liabilities	3,736	3,398	
Curr. Liabilities	\$ 114,535	\$ 117,990	
Long-term debt	47,108	61,072	
Cap. lease oblig.	21,576	23,554	
Deferred inc. taxes	716	340	
Other oblig.	2,206	3,761	
Redeem. preferred stock	4,354	5,113	
+ Common stock	928	927	
Add. paid-in capital	19,493	19,450	
Retained earnings	56,118	75,493	
Treasury stock	(5,155)	(5,155)	
Total Liabilities & Shareholders' Equity	\$ 261,879	\$ 302,545	

* At lower of cost or market.
Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary

Sales to Inventories	4.58	3.23
Debt to Equity	0.30	1.29
Working Capital	\$39,512,000	\$76,861,000
Current Ratio	1.34	1.65
Shareholders' Equity	\$71,384,000	\$90,715,000

Heilig-Meyers Company

3228 West Cary Street
Richmond, Virginia 23221
(804) 359-9171

Officers: William C. DeRusha, chairman & chief executive officer; Troy A. Peery, Jr., president & chief financial officer; R.G. Laughter, Ralph H. Beam, Troy J. Bridgers, James R. Riddle, sr. v.p.'s; William J. Dieter, sr. v.p.-accounting & controller; Douglas M. Adams, sr. vp.-corp. planning & MIS; William E. Helms, sr. v.p.-corp. expansion; James M. Glover, John M. Hamilton, regional v.p.'s-operations; Roy B. Goodman, v.p., treasurer & secretary; Dennis B. Harrell, v.p.-MIS; Ronald M. Ragland, v.p.-human resources; John H. Sniffin, v.p.-inventory mgmt.; Sara J. Sturckell, v.p.-audit; Frederick D. Wood, v.p.-merchandising clearance & int'l products; asst. v.p.'s: Bryan M. Beam-distribution; Stephen B. Cash-operations; Alan E. Lese-merchandising; Clifton E. Price, III-corp. expansion; S. Stanley Prince-construction; J.D. Somers-interior design; Ronald M. Grandy, Charles H. Krumbein; Christopher P. Scott, asst. v.p. real estate & asst. secretary; Thomas E. Hall, Forrest S. Wagoner, II, asst. controllers.

Directors: H. Meyers, S. Sidney Meyers, Nathaniel Krumbein, Robert L. Burrus, Jr., Alexander Alexander, Lawrence N. Smith, William DeRusha, Alan G. Fleischer, George A. Thornton, III, Troy A. Peery, Jr., Benjamin F. Edwards, III

Business Activities: Operates a chain of retail home furnishings stores in Virginia, North Carolina, South Carolina, West Virginia, Georgia, Alabama, Mississippi, Tennessee, Kentucky and Florida.

Subsidiaries:

Caplan Furniture Company
Caplan Furniture Company of Logan, Inc.
Heilig-Meyers Company of Georgia
Heilig-Meyers Company of North Carolina
Heilig-Meyers Company of South Carolina, Inc.
Heilig-Meyers Company of Tennessee
Heilig-Meyers Company of Virginia
Heilig-Meyers Company of West Virginia
Sterchi Brothers Stores, Inc.
Thomas Furniture, Inc.

all located at:
3228 West Cary Street
Richmond, VA 23221

Transfer Agent(s):

United Virginia Bank
919 East Main Street
Richmond, Virginia 23219

Stock Exchange(s): New York, Pacific

Ticker Symbol: HMY

Number of Stores: (at fiscal year end)

1987	220	1984	101
1986	216	1983	83
1985	127		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 226,186,000	\$ 13,541,000
1986	152,722,000	10,232,000
1985	140,933,000	11,749,000
1984	113,999,000	9,955,000
1983	96,419,000	6,807,000

No. of Com. Shares ±

1987	10,440,000	\$ 1.30
1986	9,582,000	1.07
1985	9,394,000	1.25
1984	9,343,000	1.07
1983	8,108,000	0.84

± Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ±	Stock Dividend	Stock Split
1987	\$0.28	—	—
1986	0.28	—	3-for-2
1985	0.24	—	—
1984	0.21	—	3-for-2
1983	0.21	—	—

± Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ±
1987	\$ 131,312,000	\$ 12.58
1986	91,787,000	9.58
1985	79,303,000	8.44
1984	68,970,000	7.38
1983	61,011,000	7.52

± Adjusted to reflect stock splits.

Income Account * (000's)

Year ended March 31	1987	1986
Net sales	\$ 226,186	\$ 152,722
Other income	45,016	29,592
Total Income	\$ 271,202	\$ 182,314

Cost of sales	142,805	97,719
Expenses	77,841	49,758
Prov. for doubtful accts.	13,066	8,297
Prof. sh. plan	1,092	797
Interest expense	10,359	6,882
Income before taxes	\$ 26,039	\$ 18,861
Income taxes	12,498	8,629
Net Income	\$ 13,541	\$ 10,232

* Included in Costs and Expenses, Depreciation and Amortization: \$7,298,000 in 1987 and \$4,160,000 in 1986.

Assets (000's)

As of March 31	1987	1986
Cash	\$ 1,895	\$ 3,954
Accts. receiv., net	181,230	157,373
Other receiv.	5,106	4,089
*Inventories	73,009	55,260
Prepaid expenses	5,810	6,923
Current Assets	\$ 267,050	\$ 227,599
#Fixed assets	82,610	59,573
Other assets	5,793	3,838
Intangibles	14,452	12,765
Total Assets	\$ 369,905	\$ 303,775

Liabilities (000's)

Notes payable	\$ 57,630	\$ 68,241
Long-term debt, curr.	8,284	13,030
Accts. payable	9,470	6,460
Accruals	12,209	19,099
Deferred income taxes	22,800	32,578
Income taxes payable	2,262	—
Dividends payable	—	647
Curr. Liabilities	\$ 112,655	\$ 140,055
Long-term debt	114,033	68,539
Deferred comp.	917	1,037
Deferred inc. taxes	10,988	2,357
+ Common stock	21,321	19,358
Add. paid-in capital	44,626	17,664
Retained earnings	65,365	54,765
Total Liabilities & Shareholders' Equity	\$ 369,905	\$ 303,775

* At lower of cost or market, by the retail method.
Less accumulated depreciation and amortization.
+ \$2 par value.

Statistical Summary

%Income bef. Taxes to Total Income	9.60	10.35
%Net Income to Total Income	4.99	5.61
%Net Income to Equity	10.31	11.15
Sales to Inventories	3.10	2.76
Debt to Equity	0.87	1.63
Working Capital	\$154,395,000	\$87,544,000
Current Ratio	2.37	1.63
Shareholders' Equity	\$131,312,000	\$91,787,000

Highland Superstores, Inc.

21405 Trolley Drive
Taylor, Michigan 48180
(313) 291-7800

Officers: David S. Mondry, chairman & chief exec. officer; Eugene P. Mondry, president & chief operating officer; Ira S. Mondry, exec. v.p.; Yale Levin, sr. v.p.-finance & chief financial officer; Richard A. Brouwer, v.p. & gen. mgr.-Southwest Division; Harry A. Limauro, v.p.-special projects; William F. O'Brien, v.p.-operations; Paul J. Ruggirello, v.p. & gen. mgr.-Midwest Division; Donald S. Wysocki, v.p. & gen. mgr.-Central Division; Ira Sternbach, treasurer; David K. Page, gen. counsel & secretary.

Hills Department Stores, Inc.

Directors: David S. Mondry, chairman; Eugene P. Mondry, Ira S. Mondry, Richard H. Cummings, David K. Page, Jack A. Robinson, Fred G. Secrest.

Business Activities: Operates 53 consumer electronics and major home appliance retail stores in major urban areas of Michigan, Ohio, Indiana, Illinois, Texas and Louisiana.

Transfer Agent(s):

National Bank of Detroit
611 Woodward
Detroit, Michigan 48226

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HIGH (NASDAQ)

Number of Stores: (at fiscal year end)

1987	53	1984	25
1986	40	1983	22
1985	32		

Sales and Earnings

Net Sales + Net Income

1987	\$ 656,456,000	\$ 20,214,000
1986	520,527,000	23,602,000
1985*	358,584,000	14,775,000
1984*	255,460,000	8,242,000
1983*	175,991,000	4,534,000

No. of Com. Shares ‡ Earn. per Share ‡

1987	18,257,631	\$ 1.11
1986	17,376,480	1.36
1985*	15,195,550	0.97
1984*	N.A.	0.54
1983*	N.A.	0.30

N.A. - Not Available.

* Pro forma.

+ Includes other income.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

Total Equity Equity Per Share ‡

1987	\$ 114,094,000	\$ 6.25
1986	93,869,000	5.40
1985	17,731,000	1.17
1984	17,120,000	—
1983	14,360,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

(000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 656,456	\$ 520,527
Cost of sales	448,377	348,752
Expenses	169,537	129,187
Interest expense	3,593	2,670
Interest income	(484)	(626)
Other income	(679)	(727)
Income before taxes	\$ 36,112	\$ 41,271
Income taxes	15,898	17,669
Net Income	\$ 20,214	\$ 23,602

* Included in Costs and Expenses, Depreciation and Amortization: \$7,126,000 in 1987 and \$4,180,000 in 1986.

Assets

(000's)

As of Jan. 31	1987	1986
Cash	\$ 43,794	\$ 8,149
Accts. receiv., net	8,920	13,222
*Inventories	112,000	121,553
Prepaid expenses	2,609	2,972
Current Assets	\$ 167,323	\$ 145,896

#Fixed assets	77,216	43,299
Other assets	878	705
Total Assets	\$ 245,417	\$ 189,900

Liabilities

(000's)

Short-term borrowings	\$ —	\$ 12,000
Long-term debt, curr.	1,041	531
Accts. payable	29,344	38,896
Accruals	18,977	12,320
Customer deposits	4,756	5,736
Deferred revenue	5,600	4,410
Income taxes	2,403	5,102
Deferred income taxes	30	612

Curr. Liabilities	\$ 62,151	\$ 79,607
Long-term debt	64,445	12,515
Deferred revenue	4,491	3,909
Deferred inc. taxes	236	—
+ Common stock	183	183
Add. paid-in capital	52,814	52,803
Retained earnings	61,097	40,883

Total Liabilities & Shareholders' Equity	\$ 245,417	\$ 189,900
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* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.50	7.93
%Net Income to Sales	3.08	4.53
%Net Income to Equity	17.72	25.14
Sales to Inventories	5.86	4.28
Debt to Equity	0.57	0.27
Working Capital	\$105,172,000	\$66,289,000
Current Ratio	2.69	1.83
Shareholders' Equity	\$114,094,000	\$93,869,000

Hills Department Stores, Inc.

15 Dan Road
Canton, Massachusetts 02021
(617) 821-1000

Officers: Herbert H. Goldberger, chairman of the board; Stephen A. Goldberger, president & chief executive officer; George R. Friese, vice chairman; John C. Brouillard, v.p.-finance; Stephen A. Feldman, v.p. & treasurer; William K. Friend, v.p., secretary & corporate counsel; John G. Reen, v.p. & controller; Raymond Brinkman, v.p.-Hills Stores; Eugene O'Donnell, v.p.-Hills Stores; Larry Voelker, v.p.-Hills Stores; David Rudnick, president-Rudnick & Sons, Inc. and the Rudnick Division of Hills Stores.

Directors: Herbert H. Goldberger, chairman; Stephen A. Goldberger, George R. Friese, Dean C. Kehler, Thomas H. Lee.

Business Activities: Operates 137 discount department stores in 12 eastern and central states.

Division:

Rudnick Division

Operates leased domestic departments in all of the Company's department stores.

Transfer Agent(s):

Bankers Trust Company

Stock Exchange(s): New York

Ticker Symbol: HDS

Number of Stores: (at fiscal year end)

1986	136	1983	116
1985	125	1982	99
1984	123		

Sales and Earnings

Net Sales Net Income

1/31/87	\$1,343,100,000	\$14,800,000
1/25/86*	163,600,000	(16,800,000)

12/10/85 + ‡	1,320,000,000	23,200,000
1/26/85#	1,423,600,000	41,000,000
1/28/84#	1,304,600,000	41,800,000

No. of Com. Shares † Earn. per Share ‡

1/31/87	14,963,373	\$ —
1/25/86*	15,000,000	—

(Loss)

* 6 weeks.

+ 46 weeks.

Predecessor company.

† Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

Cash Dividend Stock Dividend Stock Split

1986	—	—	3-for-2
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Common Stock Equity

Total Equity Equity Per Share

1986	\$ (40,715,000)	\$ —
1985	(10,340,000)	—

(Deficiency)

Income Account *

(000's)

Year ended	1/31/87	1/25/86 (6 weeks)
Net sales	\$ 1,343,102	\$ 163,560
Cost of sales	945,630	110,294
Expenses	303,060	30,582
Inventory charge	41,344	32,066
Interest expense	67,979	8,703
Interest income	(2,098)	(1,689)
Other expenses	1,687	364
Loss before taxes	\$ (14,500)	\$ (16,760)
Income taxes	280	—
Net Income	\$ (14,780)	\$ 16,760

* Included in Costs and Expenses, Depreciation and Amortization: \$15,808,000 in 1987 and \$16,636,000 in 1986.

Assets

(000's)

As of	1/31/87	1/25/86
Cash	\$ 2,163	\$ 8,739
Accts. receiv., net	8,363	7,162
Receiv. from pension plan	1,125	36,400
*Inventories	175,811	173,560
Assets held for dispos.	100	50,565
Other curr. assets	178	189
Current Assets	\$ 187,740	\$ 276,615
#Fixed assets	241,532	233,358
Oper. lease rights	75,416	78,828
Other assets	2,791	5,049
Deferred fin. costs	16,900	23,131
Intangibles	160,381	148,051
Total Assets	\$ 684,760	\$ 765,032

Liabilities

(000's)

Long-term debt, curr.	\$ 1,272	\$ 23,646
Cap. lease oblig., curr.	2,571	2,170
Accts. payable	82,317	60,624
Accruals	94,286	117,268
Curr. Liabilities	\$ 180,446	\$ 203,708
Long-term debt	301,894	364,503
Oblig. under cap. leases	100,400	87,080
Other liabilities	16,828	8,439
Redeem preferred stock	125,907	111,642
+ Common stock	150	100

Hills Department Stores, Inc.

Add. paid-in capital	9,850	9,900
Retained earnings (deficit)	(49,469)	(18,573)
Treasury stock	(24)	—
Unamort. comp. on restricted stock	(1,222)	(1,767)

Total Liabilities & Shareholders' Equity	\$ 684,760	\$ 765,032
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* At lower of cost (LIFO) or market.
 ‡ Less accumulated depreciation and amortization.
 † \$0.01 par value.

Statistical Summary

Sales to Inventories	7.64	—
Working Capital	\$ 7,294,000	\$72,907,000
Current Ratio	1.04	1.36
Shareholders' Equity (Deficiency)	(\$40,715,000)	(\$10,340,000)

D.H. Holmes Company, Limited

819 Canal Street
 New Orleans, Louisiana 70112
 (504) 561-6611

Officers: Donald W. Johnston, president & chief exec. officer; James E. Ammon, exec. v.p.-finance; Raymond E. Weidenbacher, sr. v.p. & dir.-stores; Louis R. Roussel, sr. v.p.-physical properties & merchandise presentation; Robert G. Morgan, sr. v.p.-personnel & operations; Paul R. Falter, sr. v.p., controller, treasurer & asst. secretary; E. Stewart Maunell II, v.p. & secretary; Charles Ennis, M. Elizabeth Tahir, Ann Lynne Strug, R. Stephen Wall, v.p.'s & gen. mdse. mgrs.; Kenneth J. DeZwaan, John N. Kuchler, v.p.'s & sr. store mgrs.; Jay F. Hebert, v.p.-public affairs; William G. Turner, v.p. & plant superintendent; Phyllis A. Covelli, v.p. & sales promotion director.

Directors: Hugh McC. Evans, E. Stewart Maunell II, Frank E. Schmidt, Donald J. Nalty, James E. Ammon, Sidney W. Lassen, John F. Bricker, Harry McColl, Jr., Donald W. Johnston, Alden J. Laborde.

Business Activities: Operates 19 department stores in Alabama, Louisiana, Florida and Mississippi. Also operates 5 separate shoe stores and two clearance centers; and 13 car care centers under a lease/management agreement with the Goodyear Tire and Rubber Company.

Subsidiaries:

D.H. Holmes Realty, Inc.
 D.H. Holmes Credit Corporation (unconsolidated)
 D.H. Holmes B.R., Inc.

Transfer Agent(s):

D.H. Holmes Company, Limited
 New Orleans, Louisiana

Stock Exchange(s): Over-the-Counter

Ticker Symbol: HLME (NASDAQ)

Number of Stores*: (at fiscal year end)

1987	19	1984	14
1986	18	1983	14
1985	15		

* Department stores only.

Sales and Earnings

	Net Sales ‡	Net Income
1987	\$ 270,434,000	\$ 355,000
1986	272,819,000	3,375,000
1985	271,681,000	7,523,000
1984	253,844,000	8,458,000
1983	240,716,000	6,967,000

	No. of Com. Shares †	Earn. per Share ‡
1987	3,551,106	\$ 0.10
1986	3,400,156	0.97
1985	3,383,044	2.17
1984	3,364,306	2.80
1983	2,758,838	2.46

‡ Including leased departments.
 † Adjusted to reflect stock dividend and stock split.
 ‡ Based on the average number of shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	\$0.85	3%	—
1986	0.97	—	—
1985	0.97	—	—
1984	0.95	—	2-for-1
1983	0.86	—	—

‡ Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 67,833,000	\$ 19.10
1986	69,770,000	20.52
1985	69,370,000	20.51
1984	64,855,000	19.28
1983	48,703,000	17.65

‡ Adjusted to reflect stock dividend and stock split.

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 270,434,000	\$ 272,819,000
Cost of sales	188,309,000	187,619,000
Expenses	53,271,000	54,388,000
Depreciation & amortization	8,792,000	7,309,000
Prov. for doubtful accts.	3,837,000	3,119,000
Rents	6,681,000	6,601,000
Repair & maintenance	2,188,000	2,820,000
Interest expense	10,473,000	9,121,000
Pension plan costs	1,875,000	1,258,000
Gain on sale of prop.	—	(2,338,000)
Pension plan asset reversion	(4,20,000)	—
Income (loss) bef. taxes	\$ (572,000)	\$ 2,922,000
Tax credit	(927,000)	(453,000)
Net Income	\$ 355,000	\$ 3,375,000

Assets

As of	1/31/87	2/1/86
Cash	\$ 2,543,000	\$ 4,883,000
Accts. receiv., net	19,386,000	12,083,000
*Inventories	40,808,000	43,140,000
Other current assets	7,481,000	4,512,000
Current Assets	\$ 70,218,000	\$ 64,618,000
Investments	7,001,000	7,831,000
*Fixed assets	109,541,000	103,039,000
Other assets	2,199,000	1,955,000
Total Assets	\$ 188,959,000	\$ 177,443,000

Liabilities

Notes payable	\$ 12,435,000	\$ 4,385,000
Long-term debt, curr.	2,310,000	1,907,000
Accts. payable	17,966,000	18,298,000
Accruals	4,908,000	4,237,000
Income taxes	9,548,000	8,912,000
Curr. Liabilities	\$ 47,167,000	\$ 37,739,000
Long-term debt	50,628,000	53,386,000
Deferred inc. taxes	11,549,000	8,281,000
Deferred credit	11,782,000	8,267,000
+ Common stock	9,077,000	8,703,000
Add. paid-in capital	21,619,000	19,289,000
Retained earnings	38,133,000	42,790,000
Treasury stock	(996,000)	(1,012,000)
Total Liabilities & Shareholders' Equity	\$ 188,959,000	\$ 177,443,000

* At LIFO cost.
 ‡ Less accumulated depreciation and amortization.
 † \$2.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	1.07
%Net Income to Sales	0.13	1.24
%Net Income to Equity	0.52	4.84
Sales to Inventories	6.63	6.32
Debt to Equity	0.96	0.86
Working Capital	\$23,051,000	\$26,879,000
Current Ratio	1.49	1.71
Shareholders' Equity	\$67,833,000	\$69,770,000

The Home Depot, Inc.

2727 Paces Ferry Road
 Atlanta, Georgia 30339
 (404) 433-8211

Officers: Bernard Marcus, chairman, chief exec. officer & secretary; Arthur M. Blank, president & chief operating officer; William G. Kelley, exec. v.p.; Ronald M. Brill, sr. v.p., treasurer & chief financial officer; E. Dennis Ross, sr. v.p.-management information systems; Nathan Morton, sr. v.p.-operations; William E. Harris, sr. v.p.-corp. development; James Inglis, v.p.-merchandising; Bruce Berg, v.p.-merchandising; Steve Burrows, v.p.-advertising; William J. Salyer, v.p.-construction & store planning; Larry Mercer, v.p.-store operations-East Coast; Donald P. McKenna, v.p.-human resources; Lawrence A. Smith, v.p.-legal & asst. secretary; Marshall L. Day, controller.

Directors: Bernard Marcus, chairman; Arthur M. Blank, Berry R. Cox, Frederick Dematteis, Milledge A. Hart, III, Kenneth G. Langone, Frank Borman, Alan D. Schwartz.

Business Activities: Operates a chain of 60 retail "warehouse" stores selling a wide assortment of building materials and home improvement products primarily to the "do-it-yourself" and home remodeling markets, in Georgia, Tennessee, Florida, Alabama, Louisiana, Texas, Arizona, and California.

Transfer Agent(s):

Wachovia Bank and Trust Company N.A.
 P.O. Box 3001
 Winston-Salem, North Carolina 27102

Stock Exchange(s): New York

Ticker Symbol: HD

Number of Stores: (at fiscal year end)

1986	60	1985	50
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Sales and Earnings

	Net Sales	Net Income
1987	\$1,011,462,000	\$ 23,873,000
1986	700,729,000	8,219,000
1985*	432,779,000	14,122,000
1984	256,184,000	10,261,000
1983	117,645,000	5,315,000

	No. of Com. Shares †	Earn. per Share ‡
1987	26,580,000	\$ 0.90
1986	25,247,000	0.33
1985*	25,302,000	0.56
1984	24,834,000	0.41
1983	22,233,000	0.24

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 163,042,000	\$ 6.13
1986	89,092,000	3.53
1985	80,214,000	3.17
1984	65,278,000	2.63
1983	18,354,000	0.83

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *		
(000's)		
Year ended	2/1/87	2/2/86
Net sales	\$ 1,011,462	\$ 700,729
Cost of sales	733,302	519,272
Selling & oper. exp.	189,290	134,354
Preopening exp.	3,198	7,521
Gen. & adm. exp.	27,376	20,555
Gain on dispos. of prop.	—	(1,317)
Interest expense	12,249	10,206
Interest income	(1,026)	(1,481)
Income before taxes	\$ 47,073	\$ 11,619
Income taxes	23,200	3,400
Net Income	\$ 23,873	\$ 8,219

* Included in Costs and Expenses, Depreciation and Amortization: \$7,776,000 in 1987 and \$4,376,000 in 1986.

Assets		
(000's)		
As of	2/1/87	2/2/86
Cash	\$ 17,124	\$ 9,671
Accts. receiv., net	9,937	21,505
Refundable taxes	—	3,659
*Inventories	167,115	152,700
Prepaid expenses	3,713	2,526
Current Assets	197,889	190,061
#Fixed assets	\$ 168,981	\$ 160,816
Other assets	3,943	4,755
Intangibles	23,928	24,561
Total Assets	\$ 394,741	\$ 380,193

Liabilities		
(000's)		
Long-term debt, curr.	\$ 238	\$ 10,382
Accts. payable	67,800	53,881
Accrued payroll	11,039	5,397
Other accruals	21,985	13,950
Income taxes	5,751	—
Curr. Liabilities	\$ 106,813	\$ 83,610
Long-term debt	116,907	199,943
Other long-term liabilities	991	861
Deferred inc. taxes	6,988	6,687
+ Common stock	1,419	1,258
Add. paid-in capital	98,816	48,900
Retained earnings	62,807	38,934
Total Liabilities & Shareholders' Equity	\$ 394,741	\$ 380,193

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.05 par value.

Statistical Summary		
%Income bef. Taxes to Sales	4.65	1.66
%Net Income to Sales	2.36	1.17
%Net Income to Equity	14.64	9.23
Sales to Inventories	6.05	4.59
Debt to Equity	0.72	2.36
Working Capital	\$ 91,076,000	\$106,451,000
Current Ratio	1.85	2.27
Shareholders' Equity	\$163,042,000	\$ 89,092,000

House of Fabrics, Inc.

13400 Riverside Drive
Sherman Oaks, California 91423
(818) 995-7000

Officers: Barney Sofro, chairman of the board; Gary L. Larkins, president & chief exec. officer; Donald R. Ardernaghi, exec. v.p.-fabric buying; Edward L. Chow, v.p.-data proces-

sing; Larry R. Eames, v.p.-marketing; Edwin F. Johnson, v.p.-construction; Marvin S. Maltzman, v.p., secretary & general counsel; Bill Smith v.p.-warehousing & distribution; William James Heaton, v.p.-finance & administration and chief financial officer; L. Jay Bowen, v.p.-crafts & notions buying; Gary A. Bunch, v.p.-sewing machine operations; James C. Webb, v.p.-real estate; Russell M. Meppen, inventory mgmt.; James R. Hartwing, v.p.-store operations & merchandising; John A. Sofro, F. Douglas Trovato, v.p.-s-fabric buying; Aurora Stewart, treasurer & asst. secretary.

Directors: David I. Sofro, E. Ben Mitchell, Barney Sofro*, Charles Sofro, Gary L. Larkins*, James A. Nathan, James J. Mc Morrow.

* Member of the Executive Committee.

Business Activities: Sells fabrics, needlecrafts, sewing machines and notions through retail stores in 43 states. The name "House of Fabrics" is used for stores located west of the Rocky Mountains; the name "So-Fro Fabrics" is used for stores east of the Rocky Mountains.

Transfer Agent(s):

Bank of America National Trust & Savings Association
55 Hawthorne St.
San Francisco, California 94105

Stock Exchange(s): New York, Pacific

Ticker Symbol: HF

Number of Stores: (at fiscal year end)

1987	707	1984	684
1986	730	1983	622
1985	760		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 316,366,000	\$ 6,191,000
1986	286,743,000	4,257,000
1985	278,256,000	11,332,000
1984	239,625,000	9,678,000
1983	230,641,000	11,298,000

No. of Com. Shares ‡

1987	6,556,977	\$ 0.34
1986	6,535,421	0.54
1985	6,492,177	1.71
1984	6,442,427	1.46
1983	6,389,927	1.73

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	\$0.48	—	—
1986	0.48	—	—
1985	0.40	—	—
1984	0.40	—	—
1983	0.32	—	5-for-4

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 85,287,000	\$ 13.41
1986	82,094,000	12.36
1985	80,720,000	12.3
1984	71,644,000	11.2
1983	63,940,000	10.61

† Adjusted to reflect stock split.

Income Account *

(000's)		
Year ended	1987	1986
Jan. 31		
Net sales	\$ 316,366	\$ 286,743
Cost of sales	156,252	136,152

Expenses	144,672	136,807
Interest expense	2,807	1,656
Prov. for loss or dispos. of assets	—	4,100
Income before taxes	\$ 12,635	\$ 8,028
Income taxes	6,444	3,771
Net Income	\$ 6,191	\$ 4,257

* Included in Costs and Expenses, Depreciation and Amortization: \$5,844,000 in 1987 and \$5,444,000 in 1986.

Assets

(000's)

As of Jan. 31	1987	1986
Cash	\$ 529	\$ 1,315
Receiv. net	3,674	1,389
*Inventories	111,698	112,018
Prepaid expenses	3,162	2,950
Deferred tax benefits	—	1,991
Current Assets	\$ 119,063	\$ 119,663
#Fixed assets	37,339	37,765
Other assets	1,638	517
Total Assets	\$ 158,040	\$ 157,945

Liabilities

(000's)

Long-term debt, curr.	\$ 314	\$ 1,314
Accts. payable	30,596	37,079
Notes payable	17,000	18,000
Accruals	9,288	8,337
Income taxes	50	1,000
Reserve for loss on dispos. of assets	—	4,039
Curr. Liabilities	\$ 57,248	\$ 69,769
Def. inc. taxes	3,420	2,688
Long-term debt	12,085	3,394
+ Common stock	656	654
Add. paid-in capital	14,407	14,260
Retained earnings	70,224	67,180
Total Liabilities & Shareholders' Equity	\$ 158,040	\$ 157,945

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.99	2.80
%Net Income to Sales	1.96	1.48
%Net Income to Equity	7.26	5.19
Sales to Inventories	2.83	2.56
Debt to Equity	0.14	0.28
Working Capital	\$61,815,000	\$49,894,000
Current Ratio	2.08	1.72
Shareholders' Equity	\$85,287,000	\$82,094,000

Hudson's Bay Company

Hudson's Bay House
77 Main Street
Winnipeg, Manitoba R3C 2R1, Canada
(204) 943-0881

Officers: Donald S. McGiverin, governor; Brian C. Grose, v.p. & controller; A. Rolph Huband, v.p. & secretary; Gary J. Lukassen, v.p. & treasurer; George J. Kosich, T. Iain Ronald, exec. v.p.'s.; Douglas W. Mahaffy, sr. v.p.-finance & administration; Ronald N.D. Hogan, v.p.-credit; Donald C. Rogers, v.p.-real estate & development; Larry W. Rowe, v.p.-information services; Kenneth C. Wong, genl. treasurer.

Directors: I.A. Barclay, M. Belanger, Dawn R. McKeag, G.C. Hoyer Millar, D.S. McGiverin*, Kenneth R. Thomson, John A. Tory*, J.W. Bird, W. Michael Brown, Peter W. Mills, Thomas S. Dobson, George J. Kosich, David F. Mitchell, T. Iain Ronald.

* Member of the Executive Committee.

Hudson's Bay Company

Business Activities: Operates department stores in major Canadian cities; fur trading auction houses in London, Toronto and New York; wholesale distributor of blankets, spirits, tobacco, giftware and confectionery products. Also, has real estate and natural resource interests. Stores operate under the names The Bay, Zellers, Fields and Simpsons.

Principal Subsidiaries:

Hudson's Bay Company Acceptance Limited
Purchases accounts receivable.

Hudson's Bay Company Real Estate Limited
Property owning company.

Hudson's Bay Company Properties Limited
Property owning company.

Markborough Properties, Inc.
Property development company.

Simpsons Limited
Operates department stores.

Simpsons Acceptance Company Limited
Purchases accounts receivable.

The Bay Dept. Stores
Operates department stores.

Zellers Inc.
Operates department stores.

Fields Stores Limited
Operates family clothing stores.

Hudson's Bay Company Fur Sales Inc.
Fur brokers.

Hudson's Bay Company Fur Sales
Canada Limited
Fur brokers.

Hudson's Bay and Ammings Limited
Fur brokers.

Canadian Romy Petroleum Ltd. (54.5% owned)
Petroleum company.

Transfer Agent(s):

The Royal Trust Company
Calgary, Montreal, Toronto, Vancouver & Winnipeg

The Royal Bank of Scotland PLC
London, England

Stock Exchange(s): Montreal, Toronto, London and Winnipeg.

Ticker Symbol: HBC

Number of Stores: (at fiscal year end)

1986	303	1983	570
1985	581	1982	560
1984	586		

Sales and Earnings

	Sales & Revenues (000's)	Net Income + (000's)
1986	\$ 5,692,432	\$ (7,395)
1985	5,271,548	(5,584)
1984	4,829,325	(107,434)
1983	4,370,528	64,900
1982	4,138,671	(127,600)
	No. of Com. Shares	Earn. per Share \$ +
1986	29,532,745	\$ —
1985	28,886,002	—
1984	23,787,166	—
1983	23,728,311	1.86
1982	23,870,052	—

(Loss)
+ Including extraordinary gains of \$3,471,000 in 1985, \$82,806,000 (\$3.49 per share) in 1983, and extraordinary losses of \$40,373,000 in 1986 and \$5,420,000 in 1982.
\$ Based on the weighted average number of shares outstanding.

Revenues By Line of Business (000's)

	1986	1985
Retail	\$ 4,674,349	\$ 4,312,682
Wholesale	691,452	637,659
Fur	51,356	41,372
Real estate	270,301	276,112
Natural resources	4,974	3,723
Total	\$ 5,692,432	\$ 5,271,548

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.60	—	—
1984	0.60	—	—
1983	0.60	—	—
1982	0.75	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 838,638,000	\$ 28.40
1985	880,753,000	30.49
1984	791,992,000	33.29
1983	933,928,000	39.36
1982	907,016,000	38.00

Income Account * (000's)

Year ended Jun. 31	1987	1986
Net sales & revenues	\$ 5,692,432	\$ 5,271,548
Cost of sales & exp.	5,355,572	5,018,635
Interest expense	265,311	250,393
Inc. bef. taxes	\$ 71,549	\$ 2,520
Income taxes	38,154	12,895
Minority interest	417	(1,320)
Net Income (Loss)	\$ 32,978	\$ (9,055)
Extraord. items	(40,373)	3,471
Net Income (Loss) & extraord. items	\$ (7,395)	\$ (5,584)

* Included in Costs and Expenses, Depreciation and Amortization: \$94,123,000 in 1986 and \$92,553,000 in 1985.

Assets (000's)

As of Jan. 31	1987	1986
Cash	\$ 9,712	\$ 8,335
Marketable securities	94,474	50,650
Accts. receiv., net	1,149,612	1,109,743
Recov. inc. taxes	19,780	5,094
*Inventories	1,095,138	994,677
Prepaid expenses	35,897	28,246
Current Assets	\$ 2,404,613	\$ 2,196,745
Investments	387,293	447,165
Secured receiv.	106,870	109,555
*Fixed assets	912,724	1,047,405
Land for sale & devel.	290,371	361,850
Defer. charges	74,907	90,158
Fusion	19,599	—
Intangibles	98,579	100,892
Deferred inc. taxes	—	16,455
Total Assets	\$ 4,294,956	\$ 4,370,225

Liabilities (000's)

Notes payable	\$ 592,290	\$ 473,965
Bank indebtedness	248,377	460,576
Long-term debt, curr.	172,740	196,398
Accts. payable & accruals	613,715	612,770
Cur. Liabilities	\$ 1,627,122	\$ 1,743,709
Long-term debt	1,358,263	1,448,185

Deferred inc. taxes	32,660	—
Minority interest	62,882	64,370
+ Redeem. pref. stock	373,715	230,709
+ Common stock	392,987	376,981
Add. paid-in capital	10,478	10,378
Retained earnings	432,807	486,123
Cum. trans. adjust.	4,042	9,770

Total Liabilities & Shareholders' Equity \$ 4,294,956 \$ 4,370,225

* At lower of cost and net realizable value. Retail inventories at average method; all others at FIFO.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.26	—
%Net Income to Sales	0.58	—
%Net Income to Equity	2.72	—
Debt to Equity	1.95	2.32
Working Capital	\$1,077,491,000	\$ 453,036,000
Current Ratio	1.81	1.26
Shareholders' Equity	\$1,214,029,000	\$1,113,961,000

Imasco Limited

4 Westmount Square
Montreal, Quebec, Canada H3Z 2S8
(514) 937-9111

Officers: Paul Pare, chairman of the board; Purdy Crawford, president & chief executive officer; Roger S. Ackman, v.p. & general counsel; Roderick C. Foster, exec. v.p.; Robert C. Begin, v.p.-treasury services; William J. Harris, sr. v.p.-administration; Roy R. Schwartz, v.p.-corporate development; Daniel E. Somers, exec. v.p. & chief financial officer & treasurer; Paul Ryan, v.p. & secretary; Torrance J. Wylie, sr. v.p.; Pierre Duhamel, v.p.-corp. finance; Richard L. Hall, v.p. & comptroller; Lise Pratte, asst. secretary.

Directors: Paul H. Pare*, chairman; Purdy Crawford*, Peter Kilburn, Jean-Louis Mercier, Murray B. Koffler*, Jack A. Laughery, Roderick C. Foster, David R. Bloom, Jean H. Richer, Paul E. Martin*, Daniel E. Somers.

* Member of the Executive Committee.

Business Activities: Imasco Ltd. is a major Canadian consumer and services corporation with operations in Canada and the United States. Imasco operates through five main divisions. Imperial Tobacco, Canada's largest tobacco company, manufactures and distributes a complete range of tobacco products. The UCS Group operates a chain of 500 tobacco and gift shops across Canada. Shoppers Drug Mart operates a chain of 553 franchised and company-owned pharmacies in Canada, specializing in prescription drugs, over-the-counter medication, health and beauty aids and cosmetics. Peoples Drug Stores operates a chain of 831 drug stores in 14 states and in Washington, D.C.; and Imasco USA operates and licenses a system of 2,747 restaurants principally under the name of Hardee's.

Divisions and Subsidiaries:

Imperial Tobacco
3810 St. Antoine Street West
Montreal, Quebec H4C 1B5
Canada
Manufactures and distributes cigarettes, fine cut tobaccos, and markets pipe tobaccos.

Imperial Leaf Tobacco
John Street North
Aylmer, Ontario N5H 2R8
Canada
Purchases and processes leaf tobacco for Imperial Tobacco and for export.

The UCS Group
50 Overlea Boulevard
Toronto, Ontario M4H 1B9
Canada
Operates a chain of 500 retail tobacco and gift shops in Canada.

General Cigar Company
Montreal, Quebec
Manufactures and distributes cigarettes.

INTERCO Incorporated

Shoppers Drug Mart
225 Yorkland Boulevard
Toronto, Ontario M2J 4Y7
Canada

Operates a group of 553 licensed and company-owned drug stores in Canada.

Top Drugs Mart
Toronto, Ontario

Pharmaprix
Montreal, Quebec

Super X, Drugs
Downsview, Ontario

Imasco Resources
4 Westmount Square
Montreal, Quebec H3Z 2S8

Explores investment opportunities in natural resources and venture capital fields.

Imasco B.V.
Herengracht 495
1017 BT
Amsterdam, The Netherlands
Finances associated business.

Imasco Enterprises Inc.
4 Westmount Square
Montreal, Quebec H3Z 2S8
Holds in excess of 98% of the outstanding common shares of Canada Trustco Mortgage Company, Canada's largest trust company and seventh largest financial institution.

Imasco U.S.A., Inc.
1233 North Church Street
Rocky Mount, N.C. 27801
Operates and licenses 2,747 fast service restaurants principally under the name Hardee's in the U.S. and operates manufacturing and distribution facilities.

Burger Chef Systems, Inc.
College Park Pyramids
P.O. Box 927
Indianapolis, Indiana 46268

Hardee's Food Systems, Inc.

Fast Food Merchandisers, Inc.

Grisanti, Inc.
Louisville, Kentucky
Northern Italian Cuisine.

Specialty Food Service Division

Peoples Drug Stores, Inc.
6315 Bren Mar Drive
Alexandria, Virginia 22312
Operates a chain of 831 drug stores in 14 states and the District of Columbia.

Transfer Agent(s):

Montreal Trust Company
Montreal, Quebec, Canada
Halifax, Nova Scotia, Canada
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada
Calgary, Alberta, Canada
Winnipeg, Manitoba, Canada
Regina, Saskatchewan, Canada

Stock Exchange(s): Montreal, Toronto, Vancouver

ticker Symbol: IMS

Number of Stores* (at fiscal year end)

	1987	1988	1989	1990
1987	1,884	1,884	1,884	1,884
1988	1,730	1,730	1,730	1,730
1989	1,667	1,667	1,667	1,667

* Excludes restaurant operations.

Sales and Earnings ‡

	Net Sales # (000's)	Net Income + (000's)
1987	\$ 5,625,074	\$ 183,567
1988	5,325,134	261,745
1989	4,353,254	234,108
1990	2,873,151	205,080
1991	2,713,901	161,594

	No. of Com. Shares †	Earn. per Share + x
1987	119,122,833	\$ 1.48
1988	108,908,146	2.40
1989	108,898,364	2.25
1990	102,108,696	2.14
1991	90,909,478	1.79

‡ In Canadian dollars.

Includes sales and excise tax.

+ Includes extraordinary gains of \$10,908,000 (\$0.11 per share) in 1984, \$4,831,000 (\$0.06 per share) in 1983 and extraordinary loss of \$29,079,000 (\$0.25 per share) in 1987.

† Adjusted to reflect stock splits.

x Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.87	—	—
1988	0.75	—	—
1989	0.645	—	2-for-1
1990	0.50	—	—
1991	0.40	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1987	\$1,897,118,000	\$ 15.81
1988	1,511,291,000	13.52
1989	1,319,981,000	11.87
1990	982,221,000	9.49
1991	713,857,000	7.85

‡ After allowing for preferred shares at stated value.

† Adjusted to reflect stock splits.

Income Account (000's)

Year ended Mar. 31	1987	1988
Revenues	\$ 5,625,074	\$ 5,325,134
Sales & excise taxes	1,058,867	1,014,354
Oper. costs	4,206,667	3,844,910
Eq. in earn. of Imasco Enterprises	(88,620)	—
Oper. profit	\$ 448,150	\$ 465,870
Corp. expenses	23,425	20,020
Interest expense	156,788	38,658
Income before taxes	\$ 267,947	\$ 407,192
Income taxes	55,301	145,447
Net Income	\$ 212,646	\$ 261,745
Extraord. loss	(29,079)	—
Net Income & extraord. loss	\$ 183,567	\$ 261,745

Assets (000's)

As of Mar. 31	1987	1988
Cash & term deposits	\$ 40,229	\$ 373,905
Accts. & notes receiv., net	264,773	232,627
*Inventories	970,888	1,026,881
Prepaid expenses	29,481	29,347
Current Assets	\$ 1,305,371	\$ 1,662,760
Investments & notes receiv.	2,822,574	104,609
#Fixed assets	970,763	921,506
Defer. charges	63,885	52,844
Intangibles	237,358	244,925
Total Assets	\$ 5,399,951	\$ 2,986,644

Liabilities (000's)

Bank indebtedness	\$ 237,429	\$ 247,408
Long-term debt, curr.	30,485	26,297

Accts. payable & accruals	499,199	439,302
Income & other taxes	492,282	71,450
Curr. Liabilities	\$ 816,395	\$ 784,457
Long-term debt	2,410,978	603,106
Long-term oblig. under cap. leases	21,465	26,406
Deferred inc. taxes	48,195	55,584
+ Preferred stock:		
6% Cumulative	5,800	5,800
7.375% retractable	200,000	—
+ Common stock	797,057	447,958
Gain on for. curr. trans.	13,613	39,104
Retained earnings	1,086,448	1,024,229
Total Liabilities & Shareholders' Equity	\$ 5,399,951	\$ 2,986,644

* At lower of cost or net realizable value.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.76	7.65
%Net Income to Sales	3.78	4.92
%Net Income to Equity	10.11	17.25
Sales to Inventories	5.79	5.19
Debt to Equity	1.28	0.60
Working Capital	\$ 488,976,000	\$ 878,303,000
Current ratio	1.60	2.12
Shareholders' Equity	\$ 2,102,918,000	\$ 1,517,091

INTERCO Incorporated

INTERCO Corporate Tower
101 South Hanley Road
St. Louis, Missouri 63105
(314) 863-1100

Officers: Harvey Saligman, chairman & chief exec. officer; Ronald L. Aylward, vice chairman; Harry M. Krogh, president & chief operating officer; Eugene F. Smith, sr. v.p.-finance; Mark M. Lieberman, J. Carl Powers, Charles J. Rothschild, Jr., Nathan S. Ancell, v.p.'s; Duane A. Patterson, secretary; Robert T. Hensley, Jr., treasurer; Stanley F. Huck, controller; Keith E. Mattern, general counsel & asst. secretary; James K. Pendleton, asst. secretary; William R. Withrow, asst. treasurer; Russell L. Baumann, asst. controller.

Directors: Nathan S. Ancell, Ronald L. Aylward*, Zane E. Barnes, Thomas H. O'Leary, Charles J. Rothschild, Jr., Harvey Saligman*, Stanley M. Cohen, Harry M. Krogh*, Robert M. Quenon, Donald E. Lasater*, Lee M. Liberman, Marilyn S. Lewis.

* Member of the Executive Committee.

Operating Groups:

Apparel Manufacturing Group

Consists of 11 apparel companies which design, manufacture and distribute a full range of popular-priced branded and private-label sportswear, casual apparel and outer garments and headwear for men and women. Sportswear and casual apparel is produced in 145 apparel manufacturing plants and shipped to customers from 12 major distribution centers. The principal products for men include: woven and knit slacks, knit-shirts — both sport and dress, sport coats, three-piece vested casual sport suits, rainwear, golf jackets, heavy outer garments, carcoats, stadium coats, sweaters, jeans, western wear, outerwear, headwear, swimwear and walk shorts. For women: sweaters, slacks, skirts, vests, jackets, shirts, jeans, suits, dresses, pants, blouses, T-shirts, jumpers, culottes, blazers, rainwear, golf jackets, heavy outer garments, headwear, carcoats and stadium coats.

Abe Schrader Corporation
New York, New York

Big Yank Corporation
350 Fifth Avenue
New York, New York 10001
(212) 736-9393

Cowden Manufacturing Company
300 New Circle Road N.W.
Lexington, Kentucky 40501
(606) 254-6627

INTERCO Incorporated

Campus Sportswear Company
Mack Centre Drive
Paramus, New Jersey 07652
(201) 262-9100

The Biltwell Company, Inc.
1128 Washington
St. Louis, Missouri 63103
(314) 231-3850

Devon Apparel
3300 Frankfort Avenue
Philadelphia, Pennsylvania 19134
(215) 739-2000

College-Town
College-Town Drive
Braintree, Massachusetts 02184
(617) 848-1200

International Hat Company
St. Louis, Missouri

Queen Casuals, Inc.
10175 Northeast Avenue
Philadelphia, Pennsylvania 19116
(215) 677-3000

Londontown Corporation
London Town Road
Eldersburg, Maryland 21784
(301) 795-5900

Stuffed Shirt, Inc.
1407 Broadway
New York, New York
(212) 221-0300

General Retail Merchandising Group
Operates 201 junior department stores, discount stores, men's and women's specialty apparel shops, specialty department stores and large do-it-yourself home-improvement centers in 22 states. The principal regional trading names include Central Hardware, Fine's, Golde's, Sky City Discount Centers, Jeans Galore, and United Shirt.

Central Hardware Company
St. Louis, Missouri

Fine's Men's Shops, Inc.
1164 Azalea Garden Road
P.O. Box 749
Norfolk, Virginia 23501
(703) 857-6013

Sky City Stores, Inc.
Asheville, North Carolina

Golde's Department Stores, Inc.
9957 Manchester Road
St. Louis, Missouri 63122
(314) 968-2900

United Shirt Distributors, Inc.
1927 Michigan Avenue
Detroit, Michigan 48216
(313) 962-9895

Footwear Manufacturing and Retailing Group

Styles, manufactures and distributes primarily men's footwear in most major price categories in the United States and Canada, and manufactures and wholesales men's footwear in Australia. Facilities include 14 shoe manufacturing plants and 5 major distribution centers. The company also operates 820 retail shoe stores and leased shoe departments in 43 States in the U.S. as well as Canada, Mexico and Australia. Major footwear and retail trading names include: Florsheim Shoe Shops for men, Florsheim Thayer McNeil Men's and Women's Shops, Thompson, Boland & Lee, and Express Shop. Major footwear brands for men include: Ambassador, Florsheim, Florsheim Imperial, Royal Imperial by Florsheim, Hy-Test, Julius Marlow, Converse, Winthrop, Woods from Florsheim, Worthmore, among others; for women: Converse, Marshmallows, Florsheim, and Thayer McNeil, among others.

The Florsheim Shoe Company
Canal, Adams & Clinton Street
Chicago, Illinois 60606
(312) 329-7500

International Shoe Company
1509 Washington Avenue
St. Louis, Missouri 63166
(314) 342-7000

Senack Shoes, Inc.
1248 Andes Boulevard
St. Louis, Missouri 63132
(314) 997-0330

Furniture and Home Furnishings Group
Manufactures and distributes quality furniture and home furnishings under the names of Ethan Allen, Broyhill, Kling and Restocrat. There are 48 factories and 12 distribution centers and consolidated warehouses located throughout the United States. Major retail trading names include: Carriage House, Georgetown Manor, Manor House and Georgetown. Also owns and operates 230 Broyhill Showcase Galleries.

Ethan Allen Inc.
Danbury, Connecticut

Broyhill Furniture Industries, Inc.
Lenoir, North Carolina

Acquisition(s):

Highland House, Inc.
Hickory, North Carolina
Manufactures upholstered furniture.

Converse Inc.
North Reading, Massachusetts
Manufactures athletic footwear.

The Lane Company, Incorporated
Altavista, Virginia
Manufactures furniture.

Transfer Agent(s):

Morgan Shareholder Services Trust Company
New York, New York 10249
(212) 587-6434

Mercantile Bank, National Association
St. Louis, Missouri 63166
(314) 425-2755

Stock Exchange(s): New York, Midwest (common shares only)

Ticker Symbol: ISS

Number of Stores: (at fiscal year end)

	Retail Shoe Stores & Depts.	Gen'l. Retail Stores
1986	820	201
1985	873	248
1984	863	551
1983	878	847
1982	891	869

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1987	\$ 2,613,739	\$ 98,643
1986	2,510,740	92,347
1985	2,625,746	92,163
1984	2,678,886	116,194
1983	2,566,606	85,762

	No. of Com. Shares †	Earn. per Share †
1987	31,541,000	\$ 3.13
1986	31,641,000	2.92
1985	32,459,000	2.22
1984	33,124,000	3.51
1983	32,858,000	2.61

† Based on the average number of common shares and common share equivalents outstanding fully diluted adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1987	1986
Apparel	\$ 817,660	\$ 907,833
General retail	498,324	461,785
Footwear	663,521	558,286
Furniture	634,234	582,836
Total	\$ 2,613,739	\$ 2,510,740

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$1.57	—	2-for-1
1986	1.54	—	—
1985	1.515	—	—
1984	1.44	—	—
1983	1.44	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1987	\$1,087,153,000	\$ 38.06
1986	1,045,266,000	36.52
1985	991,460,000	35.22
1984	1,020,754,000	34.41
1983	932,417,000	32.32

† After allowing for preferred shares at stated and involuntary liquidating value.

‡ Based on the average number of common shares and common share equivalents outstanding fully diluted adjusted to reflect stock split.

Income Account * (000's)

Year ended	2/28/87	2/28/86
Net sales	\$ 2,613,739	\$ 2,510,740
Other income	29,043	32,230
Total income	\$ 2,642,782	\$ 2,542,970
Cost of sales	1,786,779	1,725,343
Expenses	639,741	613,249
Interest expense	28,082	25,523
Income before taxes	\$ 188,180	\$ 178,855
Income taxes	89,537	86,508
Net Income	\$ 98,643	\$ 92,347

* Included in Costs and Expenses. Depreciation: \$44,853,000 in 1986 and \$44,643,000 in 1985.

Assets (000's)

As of	2/28/87	2/28/86
Cash	\$ 15,810	\$ 12,194
Marketable securities	11,475	98,123
Accts. receiv., net	378,611	333,553
Inventories	692,637	607,017
Prepaid expenses & other current assets	24,114	21,039
Current Assets	\$ 1,122,601	\$ 1,073,926
# Fixed assets	438,565	395,042
Other assets	159,546	94,872
Total Assets	\$ 1,720,712	\$ 1,563,840

Liabilities (000's)

Notes payable	\$ 68,840	\$ —
Long-term debt, curr.	11,915	9,647
Accts. payable & accruals	242,508	209,110
Income taxes	9,446	7,987
Curr. Liabilities	\$ 332,709	\$ 226,744
Long-term debt	135,019	127,409
Cap. lease oblig.	50,546	56,495
Other long-term liabilities	53,490	41,899
+ Preferred stock	61,795	66,027
+ + Common stock	120,112	119,038
Add. paid-in capital	107,905	102,380
Retained earnings	955,610	905,587
Treasury stock	(96,475)	(81,739)
Total Liabilities & Shareholders' Equity	\$ 1,720,712	\$ 1,563,840

* At lower of cost (FIFO) or market except footwear at LIFO.
Less accumulated depreciation.

+ No par value; \$100 stated value.
+ + \$7.50 stated value.

Statistical Summary

%Income bef. Taxes		
to Sales	7.20	7.12
%Net Income to Sales	3.77	3.68
%Net Income to Equity	8.59	8.31
Sales to Inventories	3.77	4.12
Debt to Equity	0.12	0.17
Working Capital	\$ 789,892,000	\$ 847,182,000
Current Ratio	3.37	4.74
Shareholders' Equity	\$1,148,948,000	\$1,111,293,000

Intermark, Inc.

1020 Prospect Street, Suite 200
P.O. Box 1149
La Jolla, California 92038
(619) 459-3841

Officers: Charles R. Scott, president & chief exec. officer; Frank C. Alexander, exec. v.p. & chief financial officer; Mitchell R. Woodbury, v.p., corporate counsel & secretary; Sandra J. Fry, asst. to president & asst. secretary; Vernon A. LoForti, v.p.-finance & controller; Roder Crayton, director-administration & chief administrative officer.

Directors: Robert A. Elliott, Gordon C. Luce, John C. Monday, Charles R. Scott, Thomas N. Warner.

Areas of Work: Intermark is a conglomerate composed of 10 subsidiaries with various products including electronics, printing, furniture and landscaping.

Selected Subsidiaries:

Dynamark, Inc. (50% owned)
1333 S. Bon View Avenue
Ontario, California 91761
(714) 947-1212

Manufactures and distributes custom wheels in the U.S. Also supplies steel and cast aluminum wheels to original equipment manufacturers.

Munson Sporting Goods Co.
350 East Paulanno Avenue
Costa Mesa, California 92626
(714) 979-0110

Wholesale distributor of athletic products to retailers in the Western United States.

Mission West Properties (50% owned)
110 Fifteenth Street
Del Mar, California 92014
(619) 481-5181

Develops and owns commercial real estate in Western U.S.

Sunbelt Nursery Group (50% owned)
500 Terminal Road
Fort Worth, Texas 76106
(817) 624-7253

Operates 119 retail garden centers through four operating companies: Nurseryland Garden Centers in Southern California, Tip Top Nursery in Arizona, Wolfe Nursery in Texas and Oklahoma, and Green Bros. Nursery in Georgia.

Pier I Inc. (50% owned)
Suite 600
301 Commerce Street
Fort Worth, Texas 76102
(817) 878-8000

Specialty retailer of imported home furnishings and related gift items, with 350 outlets in 37 states and three Canadian provinces.

Transfer Agent(s):

First Interstate Bank of California

Stock Exchange(s): American

Ticker Symbol: IMI

Sales and Earnings

	Revenues ‡	Net Income
1987	\$ 512,971,000	\$ 3,319,000
1986	440,955,000	(3,648,000)

1985	386,283,000	(1,975,000)
1984	106,674,000	7,366,000
1983	83,862,000	15,422,000

No. of Com. Shares †

1987	7,725,000	\$ 0.38
1986	7,573,000	—
1985	7,555,000	—
1984	7,637,000	0.96
1983	7,487,000	2.06

(Loss)

‡ Of continuing operations only.

† Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Revenues By Line of Business

	1987	1986
Import retailing	\$ 268,445,000	\$ 205,431,000
Garden products	132,788,000	134,276,000
Automotive prods.	55,967,000	54,295,000
Sporting goods distr.	40,358,000	38,136,000
Other oper.	4,881,000	5,023,000
Eq. in inc. of unconsol. cos.	5,745,000	1,695,000
Corp.	7,787,000	2,099,000
Total	\$ 512,971,000	\$ 440,955,000

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	\$0.105	33%	—
1986	0.092	10%	5-for-4
1985	0.088	—	—
1984	0.085	—	3-for-2
1983	0.076	—	—

† Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 47,337,000	\$ 6.45
1986	44,243,000	7.77
1985	45,816,000	8.08
1984	49,388,000	8.73
1983	41,917,000	7.48

‡ After allowing for preferred stock at par value.

† Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended March 31	1987	1986
Net sales	\$ 495,990	\$ 435,080
Eq. in inc. of unconsol. cos.	5,745	1,695
Other income	11,236	4,110
Total income	\$ 512,971	\$ 440,955
Cost of sales	272,932	250,182
Expenses	199,159	163,949
Interest expense	24,549	18,533
Income before taxes	\$ 16,331	\$ 8,291
Income taxes	6,992	7,012
Minority interest	7,154	5,071
Inc. (loss)-cont. oper.	\$ 2,185	\$ (3,792)
Inc.-discont. oper.	1,134	144
Net Income (Loss)	\$ 3,319	\$ (3,648)

* Included in Costs and Expenses, Depreciation and Amortization: \$13,133,000 in 1987 and \$9,881,000 in 1986.

Assets (000's)

As of March 31	1987	1986
Cash & cash equiv.	\$ 11,743	\$ 10,318
Market securities	42,855	—

Receiv., net	30,702	46,976
*Inventories	124,880	112,084
Prepaid expenses	14,621	7,379

Current Assets	\$ 224,801	\$ 176,757
#Fixed assets	68,251	77,849
Investments	105,647	45,713
Intangibles	17,562	18,791
Other assets	9,714	6,709

Total Assets	\$ 425,975	\$ 325,819
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Liabilities (000's)

Short-term debt	\$ 27,709	\$ 20,700
Long-term debt, curr.	9,372	5,864
Accts. payable	33,452	37,031
Accruals	27,590	23,434
Income taxes	943	1,508

Curr. Liabilities	\$ 99,066	\$ 88,537
Long-term debt	214,372	150,324
Other liabilities	8,753	6,075
Minority interest	54,550	36,640
+ Preferred stock	1,897	—
+ Common stock	5,734	5,691
Add. paid-in capital	19,189	18,781
Retained earnings	22,414	19,771

Total Liabilities & Shareholders' Equity	\$ 425,975	\$ 325,819
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

Net Income to Equity	6.74	—
Sales to Inventories	3.97	3.88
Debt to Equity	45.11	4.00
Working Capital	\$125,735,000	\$88,220,000
Current Ratio	2.27	2.00
Shareholders' Equity	\$ 49,234,000	\$44,243,000

IPCO Corporation

1025 Westchester Avenue
White Plains, New York 10604
(914) 682-4500

Officers: Robert Savin, chairman of the board, chief exec. officer; Charles V. Linfante, president & chief financial officer; Bernard Weissman, Sidney Weinrib, D. Brody, v.p.'s; Howard M. Landa, v.p., general counsel & secretary.

Directors: Robert S. Savin, chairman; Walter J. Brotherton, J.W. Burnham, II, Max M. Low, Robert K. Low, Charles V. Linfante, Herbert L. Rosedale, June S. Rothberg, Howard M. Landa, Jack R. Wentworth.

Business Activities: Manufactures and distributes health care and related products. Retail activities include the operation of Uniforms by Gilson stores with outlets specializing in uniforms for waitresses and nurses. Also operates Sterling Optical which retails optical products such as glasses and contact lenses.

Divisions and Subsidiaries:

Medical Group

CommuMed

Holmes, Pennsylvania
Distributes plasma fractions and other medical products.

Whitestone Products

40 Turner Place
Piscataway, New Jersey 08854
(201) 752-2700

Manufactures non-woven and a variety of paper disposable products.

Uniforms by Gilson

2710 Hempstead Turnpike
Levittown, New York 11756
(516) 735-2600

Operates a chain of retail stores concentrated in the Greater New York Area.

IPCO Corporation

Dental Group

Whaledent International
236 Fifth Avenue
New York, New York 10001
(212) 481-6370

Overseas representative of American-made dental products.

Dental Prosthetics Division

1025 Westchester Avenue
White Plains, New York 10604
(914) 682-4500

Operates individual dental laboratories in the United States and Canada.

Sterling Dental Centers

1025 Westchester Avenue
White Plains, New York 10604
(914) 682-4570

Builds and equips dental centers which are then leased to private dental corporations.

Optical Group

Sterling Optical
357 Crossways Park Drive
Woodbury, New York
(516) 364-2600

Operates a chain of retail optical centers in the United States and Canada.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): New York, Pacific

Ticker Symbol: IHS

Number of Retail Centers: (at fiscal year end)

	Optical	Uniform Shops
1986	205	41
1985	176	43
1984	155	43
1983	129	34
1982	120	34

Sales and Earnings

	Net Sales	Net Income #
1986	\$ 214,727,000	\$ 5,881,000
1985	210,849,000	4,858,000
1984	193,048,000	6,702,000
1983	170,676,000	6,511,000
1982	147,778,000	5,576,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,366,195	\$ 1.10
1985	5,276,325	0.92
1984	5,531,548	1.21
1983	5,431,265	1.20
1982	5,190,001	1.07

Including extraordinary gains of \$300,000 (\$0.05 per share) in 1984, \$1,043,000 (\$0.19 per share) in 1983, and \$2,430,000 (\$0.47 per share) in 1982.

‡ Based on the average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Medical	\$ 85,663,000	\$ 94,090,000
Dental	42,298,000	38,952,000
Optical	86,766,000	77,807,000
Total	\$ 214,727,000	\$ 210,849,000

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 66,499,000	\$ 12.39
1985	62,437,000	11.83

1984	61,211,000	11.07
1983	56,236,000	10.35
1982	49,475,000	9.53

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 214,727,000	\$ 210,849,000
Cost of sales	110,181,000	115,140,000
Gain on sale of assets	(4,183,000)	—
Expenses	96,407,000	86,491,000
Other income	(628,000)	(1,155,000)
Interest expense	2,320,000	2,277,000
Facility closing costs	1,500,000	—
Income before taxes	\$ 9,130,000	\$ 8,096,000
Income taxes	3,249,000	3,238,000
Net Income	\$ 5,881,000	\$ 4,858,000

* Included in Costs and Expenses, Depreciation and Amortization: \$7,055,000 in 1986 and \$6,211,000 in 1985.

Assets

As of June 30	1986	1985
Cash	\$ 11,256,000	\$ 5,901,000
Accts. receiv., net	16,603,000	18,520,000
Inventories	28,340,000	27,523,000
Prepaid expenses & other current assets	879,000	1,776,000
Current Assets	\$ 57,078,000	\$ 53,720,000
Fixed assets	61,549,000	52,573,000
Other assets	4,272,000	1,411,000
Defer. charges	2,575,000	1,267,000
Intangibles	5,893,000	5,828,000
Total Assets	\$ 131,367,000	\$ 114,799,000

Liabilities

Long-term debt, curr.	\$ 1,099,000	\$ 1,981,000
Accts. payable	10,194,000	11,906,000
Accruals	4,858,000	4,103,000
Income taxes	355,000	315,000
Other current liabilities	6,305,000	6,031,000
Curr. Liabilities	\$ 22,811,000	\$ 24,336,000
Long-term debt	35,179,000	23,814,000
Deferred inc. taxes	5,435,000	2,836,000
Other liabilities	1,443,000	1,376,000
+ Common stock	5,463,000	5,463,000
Add. paid-in capital	12,363,000	12,627,000
Retained earnings	50,637,000	46,658,000
Treasury stock	(1,964,000)	(2,311,000)
Total Liabilities & Shareholders' Equity	\$ 131,367,000	\$ 114,799,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.25	3.84
%Net Income to Sales	2.74	2.30
%Net Income to Equity	8.84	7.78
Sales to Inventories	7.58	7.66
Debt to Equity	0.53	0.41
Working Capital	\$34,267,000	\$29,384,000
Current Ratio	2.50	2.21
Shareholders' Equity	\$66,499,000	\$62,437,000

Jacobson Stores Inc.

1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

Officers: J.R. Fowler, chairman of the board & chief executive officer; Mark K. Rosenfeld, president & chief operating officer; James B. Fowler, exec. v.p.-marketing; Nathan Forman, sr. v.p.-apparel merchandising; Paul W. Gilbert, sr. v.p. & chief financial officer; John F. Rickerby, sr. v.p.-stores; Donald Hathaway, v.p.-store group mgr.; Alan J. Herman, v.p.-electronic data processing; Keith K. Houck, v.p.-store planning; George E. McGlinn, v.p.-home furnishings merchandising; Robert L. Moles, sr. v.p.-operations; Paul T. Machtel, v.p. & store group manager; Irma J. Nicholson, v.p.-sales promotion; Floyd H. Pond, v.p. & store group manager; Joseph Fisher, v.p. & gen. mdse. mgr.; Alan M. Mandel, v.p. & store group mgr.; James A. Passante, Jr., v.p. & store group mgr.; Timothy J. Spalding, controller; Robert L. Emmet, Louis M. Landman, Mary Lowey, Kay Todd, v.p.'s & divisional merchandise managers; Richard Z. Rosenfeld, secretary; Robert M. Eaton, v.p. & treasurer; Frank W. Hones, asst. treasurer & asst. secretary.

Directors: J.R. Fowler*, chairman; Herbert S. Amster, Frank Couzens, Jr., Raymond C. Fitzgerald, Edwin I. Goldring, Richard Z. Rosenfeld*, Robert L. Rosenfeld, Mark K. Rosenfeld*, Herman S. Kohlmeier, Jr., Travis W. Pearce, Patricia Shontz Longe, Philip H. Power.

* Member of the Executive Committee.

Business Activities: Owns and operates apparel and home furnishings stores in Michigan, Ohio and Florida.

Subsidiaries:

Jacobson Credit Corp.
1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

Jacobson Stores Realty Company
1200 North West Avenue
Jackson, Michigan 49202
(517) 787-3600

Transfer Agent(s):

Manufacturers National Bank of Detroit
Detroit, Michigan

Stock Exchange(s): Over-the-Counter

Ticker Symbol: JCBS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	20	1983	19
1985	20	1982	17
1984	20		

Sales and Earnings

	Net Sales †	Earn. per Share #
1986	\$ 308,460,000	\$ 1.067
1985	275,038,000	9.65
1984	240,689,000	5.43
1983	213,048,000	4.355
1982*	189,277,000	1.759

	No. of Com. Shares #	Earn. per Share #
1986	5,698,880	\$ 2.09
1985	5,362,968	1.80
1984	4,851,900	1.12
1983	4,683,087	0.93
1982*	4,370,247	0.40

* 53 weeks.

† Including leased departments.

Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.33 1/4	—	3-for-2
1985	0.21	—	3-for-2
1984	0.17 1/4	—	2-for-1

1983	0.12 1/4	—	—
1982	0.11	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 58,276,000	\$ 10.52
1985	46,439,000	8.86
1984	35,662,000	7.45
1983	30,742,000†	6.55
1982	24,950,000†	5.70

† After allowing for preferred stock at par value.

Income Account *
(000's)

Year ended	1/31/87 (53 weeks)	1/25/86
Net sales	\$ 308,460	\$ 275,038
Cost of sales	182,004	161,929
General & administrative expenses	100,276	91,295
Interest expense	6,119	6,841
Gain on sale of prop.	(1,714)	(1,124)
Income before taxes	\$ 21,775	\$ 16,097
Income taxes	9,848	6,440
Net Income	\$ 11,927	\$ 9,657

* Included in Costs and Expenses, Depreciation and Amortization: \$4,773,000 in 1986 and \$4,671,000 in 1985.

Assets
(000's)

As of	1/31/87	1/25/86
Cash	\$ 31,860	\$ 5,984
Receiv., net	36,968	33,324
*Inventories	55,564	50,242
Prepaid expenses & other assets	1,220	2,203
Current Assets	\$ 125,612	\$ 91,753
#Fixed assets	56,278	47,262
Restricted funds	8,961	18,459
Eq. in fin. subsid.	6,272	5,909
Other assets	3,379	3,034
Total Assets	\$ 200,502	\$ 166,417

Liabilities
(000's)

Long-term debt, curr.	\$ 7,023	\$ 3,821
Accts. payable	23,508	19,177
Accruals	11,615	11,495
Accrued income taxes	4,222	8,607
Curr. Liabilities	\$ 46,368	\$ 43,100
Long-term debt	80,292	67,970
Deferred inc. taxes	8,392	2,377
Advances	6,315	5,771
Other liabilities	859	760
+ Common stock	5,725	3,620
Add. paid-in capital	5,643	6,026
Retained earnings	47,307	37,192
Treasury stock	(399)	(399)
Total Liabilities & Shareholders' Equity	\$ 200,502	\$ 166,417

* At cost (LIFO) using retail inventory method.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.06	5.85
%Net Income to Sales	3.87	3.51
%Net Income to Equity	20.47	20.80
Sales to Inventories	5.55	5.47
Debt to Equity	1.38	1.55
Working Capital	\$79,244,000	\$48,653,000
Current Ratio	2.71	2.13
Shareholders' Equity	\$58,276,000	\$46,439,000

Jamesway Corporation

40 Hartz Way
Secaucus, New Jersey 07094
(201) 330-6000

Officers: Herbert Fisher, chairman & chief executive officer; Arlie G. Lazarus, president & chief operating officer; Joseph Radecki, sr. v.p.-store operations; Barry Rockland, sr. v.p.-finance; Eric Zorn, sr. v.p.-administration; Angelo Bianco, v.p.-merchandising; Thomas Draves, v.p.-merchandising; Gerald R. Fitzgerald, v.p.-personnel; Murray Kaplan, v.p.-advertising; Thomas Kiley, sr. v.p. & gen. mdse. mgr.-hardgoods; Andrew D. Loconti, v.p.-real estate; David Owens, v.p.-management information systems; Alfred Petrillo, v.p.-store planning & construction; Victor Scire, v.p.-sales promotion; Kenneth Simon, v.p.-new store development; Monroe J. Simon, v.p.-human resources; Howard J. Blaugrund, secretary; Joseph Entore, sr. v.p. & gen. mdse. mgr.-softlines; Ralph Saltz, v.p.-legal, real estate; Joseph Piserchia, v.p.-inventory control; Arnold Dunn, treasurer; Gary Kauffman, controller; Lawrence Fine, Barbara Gottlieb, Leonard Pofsky, J.R. Shatley, v.p.'s-merchandising.

Directors: Herbert Fisher*, chairman; Howard J. Blaugrund, Lee M. Bronster*, Kenneth Kwit, Arlie G. Lazarus*, Andrew D. Loconti*, Robert S. Bargar, Mortimer Steinberg, Brendan Byrne, Abraham Temkin, Howard Curd, Floyd Hall.

* Member of the Executive Committee.

Business Activities: Operates a chain of discount department stores in New Jersey, New York, Pennsylvania, Virginia, Delaware and Maryland.

Subsidiaries:

Horizon Advertising Agency, Inc.

Route 197 Realty Co.

Omnia Protective Services, Inc.

Hardware Distributors, Inc.

J.M.Y. Portraits Inc.

all at:

40 Hartz Way
Secaucus, New Jersey 07094
(201) 348-8200

Transfer Agent(s):

Midlantic National Bank
Metro Park Plaza
P.O. Box 600
Edison, New Jersey 08818

Stock Exchange(s): New York

Ticker Symbol: JMY

Number of Stores: (at fiscal year end)

1986	100	1983	78
1985	91	1982	68
1984	85		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 612,392,000	\$ 12,124,000
1985	523,146,000	9,252,000
1984*	475,406,000	13,264,000
1983	416,773,000	11,509,000
1982	332,513,000	6,753,000
	No. of Com. Shares †	Earn. per Share ‡
1986	13,896,000	\$ 0.85
1985	13,746,000	0.66
1984*	13,533,000	1.09
1983	11,225,000	1.00
1982	10,925,000	0.62

* 53 weeks.

† Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.06	—	2-for-1
1985	0.06	—	—
1984	0.05	—	—
1983	0.045	—	—
1982	0.03	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 109,391,000	\$ 7.87
1985	97,314,000	7.08
1984	88,370,000	6.53
1983	63,497,000	5.66
1982	50,871,000	4.66

‡ Adjusted to reflect stock split.

Income Account
(000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 612,392	\$ 523,146
Other income	9,638	8,050
Total income	\$ 622,030	\$ 531,196
Cost of sales	426,938	366,301
Expenses	156,680	136,613
Depreciation & amortization	9,503	7,700
Interest expense	5,815	4,962
Income before taxes	\$ 23,094	\$ 15,620
Income taxes	10,970	6,368
Net Income	\$ 12,124	\$ 9,252

Assets
(000's)

As of	1/31/87	2/1/86
Cash & cash equiv.	\$ 14,901	\$ 10,273
Receiv., net	5,029	3,956
*Inventories	138,464	116,030
Prepaid expenses & other curr. assets	6,877	5,723
Current Assets	\$ 165,271	\$ 135,982
#Fixed assets	64,739	55,255
Leased prop. under cap. leases	11,737	12,685
Other assets	4,912	4,369
Total Assets	\$ 246,659	\$ 208,291

Liabilities
(000's)

Long-term debt, curr.	\$ 2,021	\$ 1,848
Cap. lease oblig., curr.	740	687
Accts. payable	36,980	30,138
Accruals	11,098	8,516
Income & other taxes	6,842	4,224
Curr. Liabilities	\$ 57,681	\$ 45,413
Long-term debt	27,640	16,088
Deferred inc. taxes	13,669	10,456
Cap. lease oblig.	13,278	14,020
Conv. subord. debt	25,000	25,000
+ Common stock	14,990	7,433
Add. paid-in capital	15,593	22,446
Retained earnings	82,166	70,871
Treasury stock	(3,358)	(3,436)
Total Liabilities & Shareholders' Equity	\$ 246,659	\$ 208,291

* At lower of average cost (LIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Jamesway Corporation

Statistical Summary

%Income bef. Taxes to Sales	3.77	2.99
%Net Income to Sales	1.98	1.77
%Net Income to Equity	11.08	9.51
Sales to Inventories	4.42	4.51
Debt to Equity	0.25	0.34
Working Capital	\$107,590,000	\$90,569,000
Current Ratio	2.87	2.99
Shareholders' Equity	\$109,391,000	\$97,314,000

Jay Jacobs, Inc.

1530 5th Avenue
Seattle, Washington 98101
(206) 622-5400

Officers: J. Jay Jacobs, chairman; Douglas A. Swerland, president; Craig Bohman, exec. v.p., chief financial officer & treasurer; Doris Williams, sr. v.p.-administration & secretary; Larry Youngren, sr. v.p.-store planning; Celestina Sze, v.p. & managing dir.-D.D. Sloane Division; Robley Thomason, v.p. & gen. mdse. mgr.-womenswear; Mary Ann Carson, v.p. & gen. mdse. mgr.-menswear; Michelle Clements, dir.-stores.

Directors: J. Jay Jacobs, chairman; Craig Bohman, Douglas A. Swerland, Doris Williams.

Business Activities: Operate '21 specialty retail apparel stores, selling fashion forward apparel, in regional shopping malls in nine western states.

Division:

L-D. Sloane Wholesale Division
Imports and distributes women's sportswear, dresses and accessories which are sold to specialty retailers and department stores, as well as through the Company's retail stores.

Transfer Agent(s):

The First Jersey National Bank

Stock Exchange(s):

Over-the-Counter

Ticker Symbol:

JAYJ (NASDAQ)

Number of Stores: (at fiscal year end)

1987 121

Sales and Earnings

	Net Sales	Net Income †
1987	\$ 93,393,000	\$ 3,508,000
1986	81,147,000	2,150,000
1985	70,595,000	1,016,000
1984	49,689,000	1,909,000
1983	32,383,000	747,000

No. of Com. Shares +

1987	4,785,689	\$ 0.69
1986	4,439,400	0.42
1985	4,459,650	0.20
1984	4,480,050	0.37
1983	N.A.	0.14

N.A. - Not Available.

† Including extraordinary gains of \$130,000 (\$0.02 per share) in 1984 and \$9,000 in 1983.

+ Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Apparel retail	\$ 71,387,000	\$ 60,400,000
Apparel wholesale	26,691,000	24,653,000
Intersegment	(4,685,000)	(3,906,000)
Total	\$ 93,393,000	\$ 81,147,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 11,947,977	\$ 2.50
1986	7,516,633†	1.69
1985	5,446,196†	1.22
1984	4,960,285†	1.11

† After allowing for preferred stock at stated value.

‡ Adjusted to reflect stock split.

Income Account

Year ended Feb. 28	1987	1986
Net sales	\$ 93,393,280	\$ 81,147,050
Cost of sales	61,630,238	54,259,193
Expenses	21,962,662	19,521,501
Depreciation & amortization	2,403,471	2,213,284
Interest expense	756,712	1,212,487
Interest income	(117,506)	(80,213)

Income before taxes	\$ 6,757,703	\$ 4,020,798
Income taxes	3,250,000	1,871,000

Net Income	\$ 3,507,703	\$ 2,149,798
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Assets

As of Feb. 28	1987	1986
Cash	\$ 3,540,235	\$ 602,022
Accts. receiv., net	2,963,648	2,726,770
Refundable taxes	—	1,022,691
*Inventories	12,311,956	9,965,905
Prepaid expenses	40,422	301,424
Deferred inc. taxes	29,000	33,350

Current Assets	\$ 18,885,261	\$ 14,652,162
†Fixed assets	7,770,774	8,161,497

Total Assets	\$ 26,656,035	\$ 22,813,659
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Liabilities

Notes payable	\$ —	\$ 1,000,000
Long-term debt, curr.	1,000,000	1,000,000
Accts. payable	7,043,128	4,713,283
Accrued payroll	904,588	911,482
Other accruals	1,384,880	1,556,756
Income taxes	516,151	139,722
Note payable to shareholder	—	50,000

Curr. Liabilities	\$ 10,848,747	\$ 9,371,243
Long-term debt	2,416,667	3,416,667
Accrued interest expense	1,026,228	888,290
Deferred credits	416,416	479,896
Preferred stock	—	1,140,930
+ Common stock	1,170,490	29,596
Retained earnings	10,777,487	7,487,037

Total Liabilities & Shareholders' Equity	\$ 26,656,035	\$ 22,813,659
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* At lower of cost or market.

† Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.24	4.95
%Net Income to Sales	3.76	2.65
%Net Income to Equity	29.36	24.83
Sales to Inventories	7.59	8.14
Debt to Equity	0.29	0.51
Working Capital	\$ 8,036,514	\$5,280,919
Current Ratio	1.74	1.56
Shareholders' Equity	\$11,947,977	\$8,657,563

Jetronic Industries, Inc.

Main and Cotton Streets
Philadelphia, Pennsylvania 19127
(215) 482-7660

Officers: Daniel R. Kursman, chairman of the board, president & treasurer; Jerome I. Kursman, v.p. & secretary; Garth E. Bower, group v.p.; Leonard W. Pietrzak, v.p.-finance; Marvin Levin, v.p.-retailing; Peter S. Kurseman, v.p.

Directors: Daniel R. Kursman, chairman; Jerome I. Kursman, Garth E. Bower, Herbert Myers, Les Vizak, Marvin Levin, William L. Weiss, Peter Kursman, David Silverman.

Business Activities: Operates furniture and appliance stores in Greater Philadelphia under the name of "Levin's." Also operates "Bond Radio Stores" in Reading, Pennsylvania, and "MMOS" stores, which retail marine merchandise in Ontario; British Columbia; Arlington Heights, Illinois; and Dearborn and Mt. Clemens, Michigan. Other activities include: design and manufacture of electronic communication and navigation systems. The company also produces narrow tapes, shock cord, industrial straps, and related items.

Retail Divisions and Subsidiaries:

Harry Levin, Inc.

Engaged in the retail sale and servicing of furniture, appliances, home furnishings and related items in Pennsylvania and New Jersey locations.

Marine Mail Order Supply, Inc. (MMOS) (75% owned)

Engaged in the retail sale of marine accessories throughout Canada and in the U.S. Great Lakes area.

Transfer Agent(s):

Continental Stock Transfer Company
72 Reade Street
New York, New York 10007

Stock Exchange(s):

American

Ticker Symbol:

JET

Number of Stores: (at fiscal year end)

1986	14	1983	9
1985	14	1982	5
1984	17		

Sales and Earnings

	Revenues (000's)	Net Income † (000's)
1987	\$ 58,668	\$ 1,007
1986	51,273	1,510
1985	40,817	1,091
1984	36,468	641
1983	32,942	690

No. of Com. Shares ‡

1987	2,457,000	\$ 0.41
1986	2,454,000	0.62
1985	2,386,000	0.46
1984	2,222,000	0.28
1983	2,176,000	0.32

† Including extraordinary gains of \$10,000 in 1985, \$280,000 (\$0.15 per share) in 1983, and extraordinary loss of \$86,000 in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Revenues By Line of Business (000's)

	1987	1986
Jetronic:		
Electronic communication & navigation equipment	\$ 21,809	\$ 20,325
Circuit boards & instrumentation systems	11,771	6,334
The Levin Group: Retail furniture & appliances	20,197	18,775

Narrow fabrics & tapes	4,891	5,839
Total	\$ 58,668	\$ 51,273

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	10%	—
1986	—	10%	—
1985	—	10%	—
1984	—	10%	—

Common Stock Equity		
	Total Equity	Equity Per Share +
1987	\$ 12,432,000	\$ 5.06
1986	11,298,000	4.60
1985	9,598,000	4.02
1984	8,227,000	3.70
1983	7,509,000	3.45

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends.

Income Account *		
Year ended Jan. 31	1987	1986
Net sales	\$ 57,564,000	\$ 50,203,000
Other income	1,104,000	1,070,000
Total income	\$ 58,668,000	\$ 51,273,000
Cost of sales	39,501,000	33,446,000
Expenses	15,457,000	13,494,000
Interest expense	1,562,000	1,433,000
Income before taxes	\$ 2,148,000	\$ 2,900,000
Income taxes	1,067,000	1,304,000
Net Income	\$ 1,081,000	\$ 1,596,000
Extraord. loss	(74,000)	(86,000)
Net Income & extraord. loss	\$ 1,007,000	\$ 1,510,000

* Included in Costs and Expenses, Depreciation and Amortization: \$464,000 in 1986 and \$395,000 in 1985.

Assets		
As of Jan. 31	1987	1986
Cash	\$ 816,000	\$ 1,603,000
Accts. receiv., net	14,939,000	12,738,000
*Inventories	19,816,000	12,801,000
Prepaid expenses	1,393,000	1,361,000
Current Assets	\$ 36,964,000	\$ 28,503,000
#Fixed assets	3,668,000	2,153,000
Goodwill	1,555,000	1,384,000
Other assets	835,000	297,000
Total Assets	\$ 43,022,000	\$ 32,337,000

Liabilities		
Notes payable	\$ 13,945,000	\$ 9,694,000
Long-term debt, curr.	653,000	531,000
Accts. payable	2,576,000	1,556,000
Accrued payroll	438,000	513,000
Other accruals	3,768,000	3,902,000
Income taxes payable	844,000	—
Def. inc. taxes	420,000	764,000
Curr. Liabilities	\$ 22,644,000	\$ 16,960,000
Long-term debt	7,694,000	3,901,000
Minority interest	252,000	178,000
+ Common stock	246,000	223,000
Add. paid-in capital	9,473,000	7,715,000
Cum. trans. adj.	(17,000)	(101,000)
Retained earnings	2,988,000	3,769,000
Treasury stock	(258,000)	(308,000)
Total Liabilities & Shareholders' Equity	\$ 43,022,000	\$ 32,337,000

* At lower of cost (LIFO) or market; inventories of narrow fabrics and tape stated at FIFO.
Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.73	5.78
%Net Income to Sales	1.88	3.18
%Net Income to Equity	8.70	14.13
Sales to Inventories	2.90	3.92
Debt to Equity	0.62	1.25
Working Capital	\$14,320,000	\$11,543,000
Current Ratio	1.63	1.68
Shareholders' Equity	\$12,432,000	\$11,298,000

Jewelcor Incorporated

72 North Franklin Street
Wilkes-Barre, Pennsylvania 18773
(717) 824-8761

Officers: Seymour Holtzman, president & chief exec. officer; Frank P. Cuscela, chairman of the board & chief operating officer; Joseph F. Litchman, sr. v.p., chief financial officer & secretary; Raymond Perlman, sr. v.p.-jewelry division; Leonard A. Walker, sr. v.p.-real estate & facilities.

Directors: Irving M. Baron, Fletcher C. Booker, Jr., Barry C. Boyer, Frank P. Cuscela, Seymour Holtzman, Jerome Goldstein, Joseph F. Litchman, Eugene Roth, Joseph J. Stuccio.

Business Activities: Sells jewelry and general merchandise at 22 catalog showrooms located in California, Florida, Illinois, New Jersey, Oklahoma, Pennsylvania and Texas, and publishes merchandise catalogs; distributes name-brand watches, engages in high-speed commercial printing and related activities in the graphic arts, and operates a family restaurant entertainment center.

Subsidiaries:

Gruen Marketing Corporation (76% owned)
Sells watches at wholesale to retail chain and department stores.

Suburban Publishers
Exeter, Pennsylvania
Graphic arts, printing and binding

S.A. Peck & Co.
Chicago, Illinois
Engaged in the showroom and mail order catalog sale of jewelry.

Robert M. Glass Co.
Los Angeles, California
Operates jewelry catalog showrooms and mail order.

Jewelcor Merchandising Company
Wilkes-Barre, Pennsylvania
Publishes an annual full color jewelry and merchandise catalog and various promotional flyers for use by the Company's and independent showroom operators.

Transfer Agent(s):

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016

Stock Exchange(s): New York

Ticker Symbol: JC

Number of Retail Stores: (at fiscal year end)

1986	22	1983	24
1985	23	1982	23
1984	23		

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 235,476,000	\$ 8,361,000
1985	251,815,000	3,055,000
1984	229,376,000	1,318,000
1983	195,735,000	1,255,000
1982	182,092,000	51,000
	No. of Com. Shares †	Earn. per Share †
1986	3,431,601	\$ 2.44
1985	3,511,532	0.87

1984	4,084,193	0.32
1983	4,287,564	0.29
1982	4,287,239	0.01

+ Of continuing operations only.

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Catalogue	\$ 121,760,000	\$ 123,229,000
Watches	90,197,000	105,495,000
Graphic Arts	23,519,000	21,465,000
Family restaurant entertainment	—	1,626,000
Total	\$ 235,476,000	\$ 251,815,000

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	3-for-2

Common Stock Equity		
	Total Equity	Equity Per Share‡
1986	\$ 45,498,000	\$ 14.00
1985	37,084,000	11.60
1984	39,266,000	10.20
1983	39,755,000	9.43
1982	38,806,000	9.07

‡ Adjusted to reflect stock split.

Income Account* (000's)		
Year ended Jan. 31	1987	1986
Net sales	\$ 235,476	\$ 251,815
Cost of sales	178,486	192,014
Expenses	43,082	42,753
Depreciation & amortization	3,448	3,422
Prov. for shutdown of facil.	—	786
Interest expense	6,015	5,793
Gain on settlement of insur.	(1,700)	—
Gain on sale of stock of subsid.	(9,192)	—
Income before taxes	\$ 15,337	\$ 7,047
Income taxes	6,062	3,114
Minority interest	914	878
Net Income	\$ 8,361	\$ 3,055

Assets (000's)		
As of Jan. 31	1987	1986
Cash	\$ 5,725	\$ 6,772
Accts. receiv., net	25,249	18,653
*Inventories	92,861	82,944
Prepaid expenses	3,445	3,658
Deferred inc. taxes	1,263	631

Current Assets	\$ 128,543	\$ 112,658
#Fixed assets	36,759	29,615
Other assets	4,339	3,968
Intangibles	—	1,625

Total Assets	\$ 169,641	\$ 147,866
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Liabilities (000's)		
Long-term debt, curr.	\$ 2,151	\$ 2,009
Oblig. under cap. leases, curr.	480	559
Banker's acceptances	31,600	32,625
Trade payables	34,921	37,958
Accruals	12,035	8,692
Income taxes payable	776	1,639
Curr. Liabilities	\$ 81,963	\$ 83,482

Jewelcor Incorporated

Long-term debt	22,865	17,276
Oblig. under cap. leases	3,140	3,693
Deferred inc. taxes	6,800	3,406
Deferred income	1,956	1,925
Negative goodwill	929	—
Minority interest	6,490	1,000
+ Common stock	222	222
Add. paid-in capital	19,754	19,754
Retained earnings	32,918	24,718
Treasury stock	(7,396)	(7,610)

Total Liabilities & Shareholders' Equity	\$ 169,641	\$ 147,866
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.51	2.80
%Net Income to Sales	3.55	1.81
%Net Income to Equity	18.38	8.24
Sales to Inventories	2.54	3.04
Debt to Equity	0.63	0.63
Working Capital	\$46,580,000	\$29,176,000
Current Ratio	1.57	1.35
Shareholders' Equity	\$45,498,000	\$37,084,000

Judy's Inc.

7710 Haskell Avenue
Van Nuys, California 91406
(818) 787-0300

Officers: Lawrence Israel, chairman of the board & treasurer; Marcia Israel, president & chief executive officer; Betty Gourley, v.p.-Outlet Division; Ben Sumner, v.p.-finance & secretary; Ronald Goldstein, v.p.-operations/store design; Irene Satz, v.p.-fashion direction; Bill Isaacs, v.p.-G.Hq., Inc.

Directors: Lawrence Israel, chairman; Marcia Israel, Preston Kline, Ben Sumner, Herbert Kern, Jack D. Steele.

Business Activities: Operates a chain of 69 Judy's retail apparel stores designed to appeal to young men and women. Also operates 27 separate men's apparel stores under the name G.Hq. These stores are located in California, Nevada, Texas, Arizona and New Mexico.

Subsidiaries:

Judy's Merchandising Corporation
570 Seventh Avenue
New York, New York 10018
(212) 921-8175

Judy's Fashion Valley, Inc.
Grasse, Inc.
G.Hq., Inc.

Transfer Agent(s):

Bank of America
National Trust & Savings Association
P.O. Box 37002
San Francisco, California 94137

Stock Exchange(s): Over-the-Counter

ticker Symbol: JUDY (NASDAQ)

Number of Stores: (at fiscal year end)

1986	96	1983	74
1985	85	1982	72
1984	78		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 58,717,000	\$ 426,000
1986	56,729,000	1,170,000
1985	50,493,000	1,017,000
1984	46,667,000	1,525,000
1983	39,593,000	(381,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1987	4,528,000	\$ 0.09
1986	4,526,000	0.26
1985	4,518,000	0.23
1984	4,512,000	0.34
1983	4,484,000	—

(Loss)

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.06	—	2-for-1
1986	0.06	—	—
1985	0.06	—	—
1984	0.06	—	—
1983	0.06	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 16,316,000	\$ 3.60
1986	16,167,000	3.57
1985	15,247,000	3.37
1984	14,501,000	3.21
1983	13,176,000	2.94

‡ Based on the weighted average number of shares outstanding. Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1987	1986
Net sales	\$ 58,717,000	\$ 56,729,000
Cost of sales	39,992,000	37,456,000
Expenses	17,532,000	16,923,000
Interest expense	356,000	336,000
Income bef. taxes	\$ 837,000	\$ 2,014,000
Income taxes	411,000	844,000
Net Income	\$ 426,000	\$ 1,170,000

* Included in Costs and Expenses, Depreciation and Amortization \$1,727,000 in 1987 and \$1,516,000 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	\$ 51,000	\$ 57,000
Cash in trust	1,311,000	1,216,000
Accts. receiv., net	403,000	326,000
Receiv. from lessors	589,000	134,000
Inventories	9,490,000	9,306,000
Prepaid expenses	844,000	614,000
Current Assets	\$ 12,688,000	\$ 11,653,000
#Fixed assets	11,455,000	11,214,000
Other assets	2,247,000	2,262,000
Total Assets	\$ 26,390,000	\$ 25,129,000

Liabilities

Short-term bank borrowing	\$ 1,000,000	\$ —
Long-term debt, curr.	1,028,000	693,000
Acct. payable	3,188,000	3,198,000
Dividends pay.	68,000	68,000
Accruals	1,206,000	1,115,000
Inc. taxes	420,000	345,000
Curr. Liabilities	\$ 6,910,000	\$ 5,419,000
Long-term debt	1,175,000	1,869,000
Deferred inc. taxes	1,989,000	1,674,000
+ Common stock	2,263,000	1,132,000
Add. paid-in capital	1,845,000	2,982,000
Retained earnings	12,208,000	12,054,000
Total Liabilities & Shareholders' Equity	\$ 26,390,000	\$ 25,129,000

* At lower of cost (FIFO) or market, determined by the retail inventory method.

Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.43	3.55
%Net Income to Sales	0.73	2.06
%Net Income to Equity	2.61	7.24
Sales to Inventories	6.19	6.10
Debt to Equity	0.20	0.16
Working Capital	\$ 5,778,000	\$ 6,234,000
Current Ratio	1.84	2.15
Shareholders' Equity	\$16,316,000	\$16,167,000

K mart Corporation

3100 West Big Beaver Road
Troy, Michigan 48064
(313) 643-1000

Officers: Bernard M. Fauber, chairman of the board & chief executive officer; Samuel G. Leftwich, vice-chairman; Robert E. Dewar, chairman of the executive & finance committees; Joseph E. Antonini, president & chief operating officer; Norman G. Milley, president-K mart stores group; Robert E. Brewer, sr. v.p.-accounting, administration & financial services; Frederick M. Stevens, exec. v.p.-specialty retailing; Edward C. Andrews, v.p.-Midwestern Region; Roger E. Davis, sr. v.p., general counsel & secretary; Ronald R. Dejaeghere, v.p.-store planning & design; Gerald R. Fletcher, v.p.; Helen C. Lefler, v.p. & treasurer; Larry M. Parkin, exec. v.p.-U.S. K mart stores; Arthur E. Riley, v.p.-Eastern Region; Glenn B. Smith, v.p. & pres.-K mart Apparel Corp.; Michael L. Skiles, v.p.-corp. facilities; A. Robert Stevenson, v.p.-gov't & public relations; Bernard E. Thomas, sr. v.p.-personnel; Joseph R. Thomas, exec. v.p. & chief administrative officer; David P. Walling, v.p.-corp. accounting & reporting; Richard O. Williams, v.p.-Central Region; Richard S. Miller, sr. v.p.-store operations; Thomas H. Nigolian, sr. v.p.-gen. mdse.; Glen R. Mielke, v.p.-Southwestern Region; James L. Moser, v.p. & merchandise systems coordinator; Thomas F. Murasky, v.p. & chief financial officer; Robert C. McAllister, v.p.-Southern Region; David M. Carlson, v.p.-corp. info. systems; Anthony N. Palizzi, v.p., assoc. gen. counsel & asst. secretary; Thomas W. Watkins, v.p.-Western Region; Michael G. Wellman, v.p.-corp. planning.

Directors: A.H. Aymond*, James F. Beré, Mary S. Coleman, Robert E. Dewar*, Bernard M. Fauber*, Carl A. Gerstacker*, David B. Harper*, Samuel G. Leftwich*, J. Edward Lundy*, Paul McCracken, Norman G. Milley, Donald S. Perkins*, Willie D. Davis, Joseph D. Flannery*, Gloria M. Shatto, Larry M. Parkin, Frederick M. Stevens, Joseph R. Thomas.

* Member of the Executive Committee.

Business Activities: Operates a chain of 2,204 K mart Discount Stores, 116 Kresge Variety Stores and 22 Jupiter limited-line discount stores in the United States, Canada, and Puerto Rico. K mart Apparel Corp. operates ladies ready-to-wear departments. Also operates Waldenbooks, a chain of 994 retail book stores; Builders Square, a chain of 86 warehouse home centers; Pay Less Drug Stores Northwest, a chain of 218 retail drug stores; and Bargain Harold's, a chain with 134 discount stores in Canada and 8 in the U.S.

Subsidiaries:

K mart Canada Limited
8925 Torbram Street
Brampton, Ontario, Canada M5B 1L3
(416) 366-3771

K mart Apparel Corp.
7373 Westside Avenue
North Bergen, New Jersey 07047
(201) 861-9100

K mart Insurance Services, Inc.
200 Treadway Plaza
Exchange Park
Dallas, Texas 75245
(214) 351-5361

Builders Square, Inc.
San Antonio, Texas

Pay Less Drug Stores Northwest, Inc.
Wilsonville, Oregon

Walden Book Company, Inc.
Stamford, Connecticut

Bargain Harold's Discount Ltd.
Downsview, Ontario

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

First Interstate Bank of California
Los Angeles, California

Stock Exchange(s): New York, Pacific

Ticker Symbol: KG

Number of Stores: (at fiscal year end)

	1987	1984	1983	1982
1987	3,783	3,848	3,520	2,547
1986	3,783	3,848	3,520	2,569
1985	3,783	3,848	3,520	2,569
1984	3,783	3,848	3,520	2,569
1983	3,783	3,848	3,520	2,569

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1987	\$ 23,812,000	\$ 582,000
1986	22,035,000	221,000
1985	20,762,000	499,000
1984	18,380,000	492,000
1983	16,611,000	262,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987	199,000,000	\$ 2.90
1986	188,000,000	1.15
1985	188,000,000	2.56
1984	187,000,000	2.53
1983	186,000,000	1.37

+ Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$1.00	—	3-for-2
1986	0.92	—	—
1985	0.84	—	—
1984	0.72	—	—
1983	0.68	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1987	\$ 3,939,000	\$ 19.66
1986	3,273,000	17.32
1985	3,233,800	17.24
1984	2,940,100	15.57
1983	2,601,300	13.93

‡ Adjusted to reflect stock split.

Income Account *

	1/28/87	1/29/86
Net sales	\$ 23,812,000	\$ 22,035,000
Other income	340,000	322,000
Total income	\$ 24,152,000	\$ 22,357,000
Cost of sales	17,258,000	15,987,000
Expenses	4,936,000	4,673,000
Advertising	581,000	554,000
Interest expense	349,000	386,000

Income before taxes	\$ 1,028,000	\$ 757,000
Income taxes	458,000	285,000
Inc. - cont. oper.	\$ 570,000	\$ 472,000
Inc. (loss) - discount oper.	12,000	(251,000)
Net Income	\$ 582,000	\$ 221,000

* Included in Costs and Expenses, Depreciation and Amortization: \$377,000 in 1987 and \$344,000 in 1986.

	Assets (000's)	
As of	1/28/87	1/29/86
Cash	\$ 521,000	\$ 627,000
*Inventories	5,153,000	4,537,000
Accts. receiv. & other curr. assets	390,000	363,000
Current Assets	\$ 6,064,000	\$ 5,527,000
Investments & advances	317,000	293,000
Leased prop. under cap. leases	3,594,000	3,644,000
Other assets & deferred charges	603,000	527,000
Total Assets	\$ 10,578,000	\$ 9,991,000

	Liabilities (000's)	
Long-term debt, curr.	\$ 4,000	\$ 15,000
Notes payable	296,000	127,000
Accts. payable	2,207,000	1,908,000
Accrued payroll taxes & other liabilities	639,000	624,000
Other taxes	223,000	218,000
Income taxes	162,000	198,000
Current Liabilities	\$ 3,531,000	\$ 3,090,000
Long-term debt	1,011,000	1,456,000
Oblig. under cap. leases	1,600,000	1,713,000
Deferred inc. taxes	182,000	114,000
Long term liab.	315,000	345,000
+ Common stock	202,000	128,000
Add. paid-in capital	528,000	343,000
Retained earnings	3,347,000	2,958,000
Treasury stock	(37,000)	(51,000)
For. curr. trans. adj.	(101,000)	(105,000)
Total Liabilities & Shareholders' Equity	\$ 10,578,000	\$ 9,991,000

* At lower of cost or market using the retail method. Domestic inventories at LIFO; foreign at FIFO.

‡ Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Net Income to Equity	14.78	6.75
Sales to Inventories	4.62	4.86
Debt to Equity	0.74	1.01
Working Capital	\$2,533,000,000	\$2,437,000,000
Current Ratio	1.72	1.79
Shareholders' Equity	\$3,939,000,000	\$3,273,000,000

Directors: Antonie C. van Ekris, chairman of the board; Joerg Bucherer, Whitney I. Gerard, Hugh K. Joyce, Michael R. Lavington, Oliver Stahl.

Business Activities: Operates 452 jewelry stores and leased departments in 34 states under the names Kay Jewelers, J.B. Robinson, Marcus & Co., and Black, Starr & Frost.

Subsidiaries:

Marcus & Co., Inc.

Operates 53 leased fine jewelry departments in major department stores.

Black, Starr & Frost, Ltd.

Retails exclusive jewelry in 19 store and hotel locations.

Acquisition(s):

J.B. Robinson

Operates 94 jewelry stores primarily in the Midwest.

Transfer Agent(s):

Morgan Shareholder Services Trust Company

30 West Broadway

New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: KJI

Number of Retail Units: (at fiscal year end)

	Stores	Leased Departments
1986	399	53
1985	290	48
1984	290	48
1983	288	47
1982	292	54

NOTE: Prior to May, 1985 the Company was a wholly-owned subsidiary of Kay Corporation. At Dec., 1985, 80.4% of the Company's stock was owned by Kay Corporation. On Dec. 31, 1986, Kay Corporation distributed its entire remaining investment in the Company to Kay Corporation shareholders.

Sales and Earnings

	Net Sales	Net Income
1986	\$ 276,282,000	\$ 9,669,000
1985	230,389,000	7,481,000
1984	206,656,000	5,387,000
1983	182,038,000	4,080,000
1982	157,975,000	(84,000)
	No. of Com. Shares ‡	Earn. per Share ‡
1986	7,969,000	\$ 1.21
1985	7,808,000	0.96
1984	7,577,000	0.71
1983	7,577,000	0.54
1982	7,577,000	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.32	—	5-for-4‡
1985	0.19	—	—

‡ Distributed Mar. 20, 1987.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 42,900,000	\$ 5.38
1985	35,781,000	4.58
1984	27,505,000	3.63
1983	25,638,000	3.38
1982	23,167,000	3.06

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Kay Jewelers, Inc.

320 King Street
Alexandria, Virginia 22314
(703) 683-3800

Officers: Antonie C. van Ekris, chairman & chief executive officer; Michael R. Lavington, president & chief operating officer; Joe Bernstein, sr. v.p.; Harry Braverman, sr. v.p.; John Rambo, sr. v.p.; Roldan Fernandez, v.p. & chief financial officer; Richard Johnson, v.p. & chief administrative officer; John F. Kosik, v.p., secretary & general counsel; Timothy Braun, William Heide, Harold Schlackman, Frank Schmidt, William T. Sharp, vice presidents.

Income Account *		
(000's)		
Year ended	1986	1985
Net sales	\$ 276,282	\$ 230,389
Other income	1,834	1,611
Total income	\$ 278,116	\$ 232,000
Cost of sales	123,867	100,140
Expenses	108,545	96,497
Prov. for doubtful accts.	16,847	11,341
Interest expense	9,840	9,070
Income before taxes	\$ 19,017	\$ 14,952
Income taxes	9,348	7,471
Net Income	\$ 9,669	\$ 7,481

* Included in Costs and Expenses, Depreciation and Amortization: \$5,492,000 in 1986 and \$4,672,000 in 1985.

Assets		
(000's)		
As of Dec. 31	1986	1985
Cash	\$ 775	\$ 270
Accts. receiv., net	125,196	97,588
*Inventories	121,661	64,156
Prepaid expenses	4,115	1,964
Current Assets	\$ 251,747	\$ 162,978
#Fixed assets	39,613	23,717
Values of leases acq.	2,630	—
Other assets	2,416	171
Intangibles	14,659	1,697
Total Assets	\$ 311,065	\$ 189,563

Liabilities		
(000's)		
Notes payable	\$ 38,500	\$ 29,500
Due to service	11,230	—
Long-term debt, curr.	1,200	1,900
Accts. payable	64,140	43,906
Accruals	25,346	15,757
Accrued payroll	5,156	3,726
Taxes payable	1,519	—
Deferred income taxes	4,161	17,639
Curr. Liabilities	\$ 151,252	\$ 112,428
Long-term debt	93,252	38,315
Deferred inc. taxes	23,661	3,039
+ Common stock	7,969	7,969
Add. paid-in capital	19,715	19,715
Retained earnings	15,216	8,097
Total Liabilities & Shareholders' Equity	\$ 311,065	\$ 189,563

* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	6.88	6.49
%Net Income to Sales	3.90	3.25
%Net Income to Equity	22.54	20.91
Sales to Inventories	2.27	3.59
Debt to Equity	3.36	1.95
Working Capital	\$100,495,000	\$51,550,000
Current Ratio	1.66	1.46
Shareholders' Equity	\$ 42,900,000	\$35,781,000

Kelly, Douglas & Company, Limited

P.O. Box 2039
Vancouver, British Columbia, Canada
(604) 665-1200

Officers: Richard J. Currie, chairman; R.J. Addington, president; S.K. Durkaczni, sr. v.p.-corporate development; D.M. McLellan, sr. v.p.-B.C. & Yukon region; Earle Barbour, v.p.-distribution services; M.D. Borty, sr. v.p.-Prairie Div.; D.G. Gibbs, v.p. & controller; R.J. Heys, v.p.-engineering & construction; Douglas W. Hunter, v.p.-store location development; F.L. Valair, v.p.-info. systems; A.W. Smith, v.p.-personnel & industrial relations; K.B. Williams, v.p.-corp. merchandising; D.N. De Luca, v.p.-retail operations & marketing; B.C. & Yukon Region; A.E. Magner, v.p.-finance; T.M. Dyer, v.p., treasurer & secretary.

Directors: W. Galen Weston, Raymond J. Addington*, Richard J. Currie*, F. Mildred Douglas, Charles M. Humphrys*, C. Francis Murphy, K.W. Campbell.

* Member of the Executive Committee.

Business Activities: Engaged primarily in the wholesale and retail distribution of food and other products, and in dairy operations, operating in Western Canada.

Divisions and Subsidiaries:

Fairview Farms Limited
Foremost Foods Ltd.
Westfair Foods Ltd.
Westfair Wholesale Properties Ltd.
Western Commodities Ltd.
Wester Grocers, Ltd.
Tomboy Stores, Ltd.
Econmart Ltd.
SuperValu Stores, Ltd.
Westfair Products (1981) Ltd.

Transfer Agent(s):

National Trust Company
Toronto & Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: KLDQ (Toronto)

Sales and Earnings		
	Net Sales (000's)	Net Income ‡ (000's)
1986	\$ 2,041,038	\$ 32,740
1985	1,887,590	24,047
1984	1,702,045	18,301
1983	1,583,999	16,977
1982	1,713,815	15,358
No. of Com. Shares #		
1986*	6,327,098	\$ 5.17
1985	6,327,098	3.80
1984	6,327,098	2.89
1983	6,327,098	2.68
1982	6,327,098	2.43

* 53 Weeks.

‡ Including extraordinary losses of \$350,000 (\$0.06 per share) in 1983 and \$1,333,000 (\$0.21 per share) in 1982.

Based on Class A and B shares combined.

Common Stock		
	Cash Dividend‡	Stock Dividend
1986	\$0.35	—
1985	0.35	—
1984	0.35	—
1983	0.35	—
1982	0.35	—

‡ Paid on Class A shares.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 231,602,000	\$ 36.60
1985	204,556,000	32.33
1984	186,203,000	29.43
1983	173,596,000	27.44
1982	161,048,000	25.45

‡ Based on Class A and B Stock combined.

Income Account		
(000's)		
Year ended	1/3/87 (53 Weeks)	12/28/85
Net sales	\$ 2,041,083	\$ 1,887,590
Investment income	4,283	3,593
Total income	\$ 2,045,366	\$ 1,891,183
Cost of sales	1,971,063	1,830,775
Depreciation & amortization	13,599	12,589
Interest expense	3,531	4,159
Income before taxes	\$ 57,173	\$ 43,660
Income taxes	24,369	19,537
Minority interest	64	76
Net Income	\$ 32,740	\$ 24,047

Assets		
(000's)		
As of	1/3/87	12/28/85
Cash	\$ 464	\$ 233
Accts. receiv. net	87,405	87,687
*Inventories	149,285	137,244
Prepaid expenses	1,997	2,057
Current Assets	\$ 239,151	\$ 227,221
#Fixed assets	159,953	133,009
Investments & other assets	28,998	32,665
Fixed assets under cap. leases	1,014	2,433
Defer. charges & intangibles	4,126	697
Total Assets	\$ 433,242	\$ 396,025

Liabilities		
(000's)		
Long-term debt, curr.	\$ 1,495	\$ 5,382
Acct. payable & accruals	149,500	133,100
Income taxes	49	165
Bank advances	27,958	30,996
Curr. Liabilities	\$ 179,002	\$ 169,643
Long-term debt	10,511	12,011
Cap. lease oblig.	1,332	3,025
Minority interest	595	780
Deferred inc. taxes	10,060	5,849
Deferred income	140	161
+ Class A shares	41,717	41,717
+ Class B shares	1,636	1,636
Retained earnings	188,249	161,203
Total Liabilities & Shareholders' Equity	\$ 433,242	\$ 396,025

* Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin.
Less accumulated depreciation.
+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	2.80	2.31
%Net Income to Sales	1.60	1.27
%Net Income to Equity	14.14	11.76
Sales to Inventories	13.67	13.75
Debt to Equity	0.05	0.10
Working Capital	\$ 60,149,000	\$ 57,578,000
Current Ratio	1.34	1.34
Shareholders' Equity	\$231,602,000	\$204,556,000

Kenwin Shops, Inc.

505 Eighth Avenue
New York, New York 10018
(212) 695-1850

Officers: Irwin Moskowitz, chairman & president; Ira Abramson, v.p. & secretary; Richard Moskowitz, v.p. & asst. secretary; Robert Schwartz, v.p. & asst. treasurer; Kenneth Silberstein, treasurer.

Directors: Irwin Moskowitz, chairman; Richard Moskowitz, Robert Schwartz, Ira Abramson, Kenneth Silberstein, Martin L. Conrad, Henry Krauss.

Business Activities: Operates a chain of ladies' and children's apparel shops which are concentrated in the South, under the names Peyton Shops, Kenwin, Smart & Thrifty, Blends 'N' Trends, Suzanne, and Dixie.

Transfer Agent(s):

Harris Trust Company of New York
New York, New York

Stock Exchange(s): American

Ticker Symbol: KWN

Number of Stores: (at fiscal year end)

1986	232	1983	222
1985	238	1982	230
1984	229		

Sales and Earnings

	Net Sales	Net Income +
1986	\$ 27,934,425	\$ (398,911)
1985	29,503,884	610,949
1984	28,655,405	1,007,736
1983	27,576,076	509,604
1982	26,573,738	297,761

No. of Com. Shares ‡

1986	406,430	\$ —
1985	433,608	1.42
1984	426,603	2.36
1983	422,417	1.21
1982	409,872	0.73

(Loss)

+ Including extraordinary gain of \$149,000 (\$0.35 per share) in 1984.

‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	1.00	—	—
1984	0.80	—	—
1983	0.80	—	—
1982	0.90	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 7,185,308	\$ 17.68
1985	7,909,363	18.24
1984	7,906,517	18.53
1983	7,233,294	17.12
1982	6,964,197	16.99

‡ Based on the weighted average number of shares outstanding.

Income Account
(000's)

Year ended	12/28/86	12/29/85
Net sales	\$ 27,934,425	\$ 29,503,884
Cost of sales	17,785,900	18,078,872
Expenses	10,500,230	9,975,313
Depreciation & amortization	303,875	296,457

Interest income	(11,715)	(12,861)
Interest expense	70,046	31,154
Inc. (loss) bef. taxes	\$ (713,911)	\$ 1,134,949
Income taxes (credit)	(315,000)	524,000
Net Income (Loss)	\$ (398,911)	\$ 610,949
Assets		
As of	12/28/86	12/29/85
Cash	\$ 1,115,503	\$ 1,062,437
Accts. receiv., net	4,686,148	4,641,202
*Inventories	5,037,082	4,505,018
Notes receivable	23,500	23,500
Prepaid expenses	472,346	121,408
Current Assets	\$ 11,334,579	\$ 10,353,565
#Fixed assets	1,436,123	1,347,701
Other assets	62,354	83,956
Total Assets	\$ 12,833,056	\$ 11,785,222

Liabilities		
Notes Payable	\$ 1,200,000	\$ —
Accts. payable	3,282,892	2,673,804
Accruals	545,410	630,497
Customer deposits	202,156	207,927
Other taxes	260,816	241,157
Curr. Liabilities	\$ 5,491,274	\$ 3,753,385
Deferred inc. taxes	156,474	122,474
+ Common stock	464,212	464,212
Add. paid-in capital	674,049	674,049
Retained earnings	6,951,316	7,675,371
Treasury stock	(904,269)	(904,269)
Total Liabilities & Shareholders' Equity	\$ 12,833,056	\$ 11,785,222

* At lower of cost or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	3.85
%Net Income to Sales	—	2.07
%Net Income to Equity	—	7.72
Sales to Inventories	5.55	7.55
Working Capital	\$5,843,305	\$6,600,180
Current Ratio	2.06	2.76
Shareholders' Equity	\$7,185,308	\$7,909,363

King Kullen Grocery Co., Inc.

1194 Prospect Avenue
Westbury, New York 11590
(516) 333-7100

Officers: John B. Cullen, chairman of the board & chief executive officer; Bernard D. Kennedy, president & chief operating officer; Ralph F. Hayden, exec. v.p., chief financial officer & secretary; Thomas R. Gernity, v.p.-meat; George P. Steinmetz, v.p.-construction & maintenance; John P. Pardini, v.p.-store operations; Joseph E. Eck, controller; Rudolph Becht, v.p.-sales & merchandising; James A. Cullen, v.p.-real estate; Vito LaRocco, v.p.-produce.

Directors: John B. Cullen, chairman; Ralph F. Hayden, Bernard D. Kennedy, Eugene C. Kennedy, Ronald E. Brackett, James A. Cullen, Jack Muratori.

Business Activities: Operates a chain of supermarkets in the New York metropolitan area.

Transfer Agent(s):

Continental Stock Transfer & Trust Company
New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: KKUL (NASDAQ)

Number of Stores: (at fiscal year end)

1986	56	1983	55
1985	52	1982	55
1984	53		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 531,589,000	\$ 2,640,000
1985	484,235,000	2,632,000
1984	464,672,000	1,962,000
1983	439,185,210	2,483,697
1982	428,127,028	2,413,965
	No. of Com. Shares	Earn. per Share †
1986	671,803	\$ 3.90
1985	685,918	3.84
1984	685,918	2.84
1983	693,336	3.58
1982	692,621	3.49

† Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.50	—	—
1985	0.50	—	—
1984	0.50	—	—
1983	0.50	—	—
1982	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 35,528,000	\$ 52.88
1985	33,619,000	43.18
1984	31,349,000	45.70
1983	29,939,953	43.18
1982	27,756,707	40.07

Income Account *
(000's)

Year ended	9/27/86	9/28/85
Net sales	\$ 531,589	\$ 484,235
Cost of sales	404,716	369,216
Expenses	121,872	109,646
Oper. profit	\$ 5,001	\$ 5,373
Other expenses	69	989
Income before taxes	\$ 4,932	\$ 4,384
Income taxes	2,292	1,752
Net Income	\$ 2,640	\$ 2,632

* Included in Costs and Expenses, Depreciation: \$4,880,000 in 1986 and \$4,041,000 in 1985.

Assets
(000's)

As of	9/27/86	9/25/85
Cash	\$ 1,193	\$ 643
Accts. receiv., net	2,705	2,479
Income taxes	480	771
*Inventories	27,614	22,023
Prepaid expenses	2,069	1,714
Current Assets	\$ 34,061	\$ 27,630
#Fixed assets	46,341	38,064
Market securities	1,690	1,614
Other assets	1,769	1,487
Total Assets	\$ 83,861	\$ 68,795

Liabilities
(000's)

Notes payable	\$ 6,925	\$ —
Long-term debt, curr.	23	64
Accts. payable	23,129	20,714
Accruals	15,149	11,846
Income taxes payable	653	—
Curr. Liabilities	\$ 45,879	\$ 32,624
Deferred inc. taxes	2,454	2,334
Long-term debt	—	218

King Kullen Grocery Co., Inc.

+ Common stock	672	686
Add. paid-in capital	2,334	2,758
Retained earnings	32,584	30,282
Unreal. loss on mark. secur.	(31)	(107)
Treasury stock	(31)	—

Total Liabilities & Shareholders' Equity	\$ 83,861	\$ 68,795
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* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 ‡ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.93	0.91
%Net Income to Sales	0.50	0.54
%Net Income to Equity	7.43	7.83
Sales to Inventories	19.25	21.99
Shareholders' Equity	\$35,528,000	\$33,619,000

Operates 183 convenience stores as Turkey Hill Minit Markets in Pennsylvania.

M & M Super Markets, Inc.
 Savannah, Georgia
 Operates 11 supermarkets in the Savannah, Georgia area.

Acquisition(s):

Martec Corporation
 Operates 47 Loaf'N Jug convenience stores in southeastern Colorado, Hillside Dairy, and Four Hillside Milk Barns.

Transfer Agent(s):

Morgan Shareholder Services Trust Co.
 30 Broadway
 New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific

Ticker Symbol: KR

Number of Stores (at fiscal year end)

	Supermarkets	Drug	Convenience
1986	1,298	—	735
1985	1,367	872	643
1984	1,318	575	443
1983	1,428	563	352
1982	1,418	563	352

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986*	\$ 17,122,518	\$ 51,493
1985	15,966,620	180,750
1984	15,063,414	156,663
1983	14,446,823	127,079
1982	14,045,270	192,124

	No. of Com. Shares †	Earn. per Share ‡
1986*	84,063,921	\$ 0.55
1985	87,365,672	2.05
1984	90,171,566	1.74
1983	89,489,384	1.38
1982	88,997,682	2.03

* 53 weeks.

† Of continuing operations only.

‡ Adjusted to reflect stock split.

§ Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986	1985
Food stores	\$ 16,273,000	\$ 15,273,000
Convenience stores	480,000	404,000
Other	370,000	290,000
Total	\$ 17,123,000	\$ 15,967,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.025	—	2-for-1
1985	1.000	—	—
1984	1.000	—	—
1983	0.955	—	—
1982	0.880	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 1,029,771	\$ 12.25
1985	1,188,670	13.61
1984	1,148,776	12.74
1983	1,072,852	11.99
1982	1,036,345	11.65

† After allowing for preferred stock at par value.

‡ Adjusted to reflect stock split.

Income Account

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 17,122,518	\$ 15,966,620
Cost of sales	13,170,911	12,282,282
Expenses	3,163,718	2,926,489
Rent expense	226,070	202,121
Depreciation & amortization	211,159	194,715
Div. & interest income	(12,744)	(17,830)
Interest expense	103,765	101,862
Special charge	164,025	—
Income before taxes	\$ 95,614	\$ 276,981
Income taxes	39,846	117,418
Inc.-cont. oper.	\$ 55,768	\$ 159,563
Inc. (loss)-discont. oper.	(4,275)	21,187
Net Income	\$ 51,493	\$ 180,750

Assets

As of	1/3/87	12/28/85
Cash & cash invest.	\$ 212,156	\$ 105,510
Receivables, net	264,853	215,414
*Inventories	1,197,238	1,472,756
Property held for resale	100,891	88,022
Deferred inc. taxes	27,209	—
Prepaid & other curr. assets	148,384	119,431
Current Assets	\$ 1,950,731	\$ 2,001,133
†Fixed assets	1,968,472	1,936,921
Notes receivable	35,878	34,218
Invest. & other assets	121,366	205,535
Total Assets	\$ 4,076,447	\$ 4,177,807

Liabilities

	1/3/87	12/28/85
Long-term debt, curr.	\$ 117,215	\$ 35,730
Accts. & notes payable	922,712	1,108,899
Accrued inc. taxes	114,297	89,124
Other curr. liabilities	537,196	487,788
Oblig. under cap. leases, curr.	5,825	5,920
Accrued for special charges	75,763	—
Curr. Liabilities	\$ 1,773,008	\$ 1,727,461
Long-term debt	561,258	710,890
Oblig. under cap. leases	196,901	214,586
Employee benefit fund	98,253	21,810
Deferred inc. taxes	292,176	314,390
+ Preferred stock	125,000	—
+ + Common stock	409,953	396,387
Retained earnings	938,752	980,003
Treasury stock	(318,934)	(187,720)
Total Liabilities & Shareholders' Equity	\$ 4,076,447	\$ 4,177,807

* At lower of cost (principally LIFO) or market.
 † Less accumulated depreciation.
 ‡ \$100 par value; cumulative auction shares.
 † + \$1 par value.

Statistical Summary

%Net Income to Equity	4.46	15.21
Sales to Inventories	14.30	10.84
Debt to Equity	0.76	0.81
Working Capital	\$ 177,723,000	\$ 273,672,000
Current Ratio	1.10	1.16
Shareholders' Equity	\$1,154,771,000	\$1,188,670,000

The Kroger Co.

1014 Vine Street
 Cincinnati, Ohio 45201
 (513) 762-4000

Officers: Lyle Everingham, chairman of the board & chief exec. officer; Joseph A. Pichler, president & chief operating officer; Richard M. Koster, exec. v.p.; David A. Burt, Walter R. Dryden, sr. v.p.'s; George A. Leonard, v.p. & general counsel; Lawrence Turner, v.p. & treasurer; Jack G. Hudson, Donald F. Dufek, Lawrence T. Keller, Thomas E. Murphy, group v.p.'s; William J. Sinkula, group v.p. & secretary; Ray E. Dillon, Jr., chairman-Dillon Companies, Inc.; Richard W. Dillon, vice chairman-Dillon Companies, Inc.

Directors: Jackson C. Hinds*, Lyle Everingham*, T. Ballard Morton, Jr. *, W. George Pinnell, Ray E. Dillon, Jr. *, Richard W. Dillon, Joseph A. Pichler, William D. Atteberry*, John D. Ong, Patricia Shontz Longe, Thomas H. O'Leary, Raymond B. Carey, Jr., Otis M. Smith, John L. Clendenin.

* Member of the Executive Committee.

Business Activities: Operates a chain of supermarkets in 29 states primarily in the South, Southwest and Midwest; operates a chain of convenience stores in 11 states; also conducts food processing operations.

Divisions and Subsidiaries:

Kroger Food Stores
 Kroger Manufacturing
 all located at:
 1014 Vine Street
 Cincinnati, Ohio 45201
 (513) 762-4000

Dillon Companies, Inc.
 Hutchinson, Kansas

Operates 643 convenience stores, 249 supermarkets, and a dairy.

City Market

Operates 38 City Market and Circle Super Value stores in Colorado.

Florida Choice Food and Drug

Operates 45 food stores and 20 liquor stores in Florida.

Welcome, Inc.

Greenville, South Carolina
 Operates a superwarehouse store in Greenville, South Carolina.

Price Savers Wholesale Warehouse, Inc.

Salt Lake City, Utah
 Operates six membership warehouse clubs in Utah, Washington, California, and Alaska.

Farmland Industries, Inc.
 Lancaster, Pennsylvania

The Limited, Inc.

Two Limited Parkway
P.O. Box 16000
Columbus, Ohio 43216
(614) 475-4000

Officers: Leslie H. Wexner, chairman of the board; Robert H. Morosky, vice chairman of the board; David T. Kollat, Thomas G. Hopkins, exec. v.p.'s; Kenneth B. Gilman, sr. v.p. & corporate controller; Timothy B. Lyons, v.p.-taxes; Alfred S. Dietzel, v.p.-financial and public relations; Michael W. Solly, v.p. & treasurer; Bella Wexner, secretary.

Directors: Leslie H. Wexner, chairman; Robert H. Morosky, Bella Wexner, Claudine Malone, David T. Kollat, John K. Pfahl, Donald B. Shackelford, John W. Kessler, Martin Trust, W. Arthur Cullman, Raymond Zimmerman, Allan R. Tessler.

Business Activities: Engaged in the sale of a wide range of medium-priced women's fashion apparel to the 20 to 40 age group. The company also operates 286 Limited Express stores designed to appeal to younger women, 15 to 25 years of age. Merchandise is chosen to provide a coordinated mix of sportswear, dresses, coats and intimate apparel for the fashion oriented customer. Through its Mast Industries, Inc. subsidiary, the Company also manufactures and distributes moderate-priced apparel appealing to the fashion-conscious consumer.

Subsidiaries:

Lane Bryant, Inc.
579 retail clothing stores plus mail order division.

Victoria's Secret
167 stores specializing in intimate apparel, plus mail order division.

Sizes Unlimited

An off-priced retail chain of 247 stores selling special size apparel.

Limited Express, Inc.

Popular-priced sportswear and accessories for women 15 to 25 years of age.

Brylane, Inc.

Catalog retailer of women's special-size apparel and shoes.

Mast Industries, Inc.

Manufacture and distribution of women's apparel.

Limited Credit Corp.

Limited Credit Funding
Finance subsidiaries.

Lerner Stores Corporation

Chain of 750 stores, retailing women's apparel.

Henri Bendel

New York, New York
Women's specialty apparel store.

Limited Store Planning

Limited Real Estate
Limited Distribution Services

Transfer Agent(s):

Manufacturers Hanover Trust Company
Shareholders Relations Department
450 West 33rd, 8th Floor
New York, New York 10001

Stock Exchange(s): New York, London

Ticker Symbol: LTD

Number of Stores: (at fiscal year end)

	1986	1985	1984	1983	1982
	2,682	2,353	1,412	937	825

Sales and Earnings

	Net Sales	Net Income
1986	\$3,142,696,000	\$ 227,780,000
1985	2,387,110,000	145,317,000
1984*	1,343,134,000	92,495,000
1983	1,085,890,000	70,939,000
1982	721,394,000	33,592,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	188,430,000	\$ 1.21
1985	182,819,000	0.80
1984*	180,631,000	0.51
1983	180,186,000	0.39
1982	175,506,000	0.19

* 53 weeks.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.16	—	3-for-2
1985	0.107	—	2-for-1
1984	0.08	—	2-for-1
1983	0.04	—	—
1982	0.024	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 781,542,000	\$ 4.14
1985	404,075,000	2.25
1984	275,403,000	1.54
1983	192,576,000	1.08
1982	122,578,000	0.70

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$3,142,696,000	\$2,387,110,000
Cost of sales	2,180,869,000	1,668,267,000
Expenses	523,598,000	442,631,000
Other income	(2,451,000)	(4,335,000)
Interest expense	45,900,000	41,230,000
Income before taxes	\$ 394,780,000	\$ 239,317,000
Income taxes	167,000,000	94,000,000
Net Income	\$ 227,780,000	\$ 145,317,000

* Included in Costs and Expenses, Depreciation and Amortization: \$97,393,000 in 1986 and \$80,128,000 in 1985.

	Assets	
As of	1/31/87	2/1/86
Cash & cash equiv.	\$ 3,256,000	\$ 12,948,000
Accts. receiv., net	72,878,000	62,077,000
*Inventories	361,489,000	320,305,000
Prepaid expenses	31,608,000	20,994,000
Current Assets	\$ 469,231,000	\$ 416,324,000
#Fixed assets	734,727,000	648,314,000
Other assets	67,628,000	72,077,000
Invest. in fin. subsid.	105,503,000	74,795,000
Total Assets	\$1,377,089,000	\$1,211,510,000

	Liabilities	
Accts. payable	\$ 169,112,000	\$ 184,368,000
Accruals	131,829,000	103,381,000
Income taxes	33,963,000	65,669,000
Curr. Liabilities	\$ 334,904,000	\$ 353,418,000
Long-term debt	70,420,000	388,744,000
Deferred inc. taxes	169,414,000	44,506,000
Other long-term liab.	20,809,000	20,767,000
+ Common stock	94,398,000	59,917,000
Add. paid-in capital	199,424,000	24,695,000
Retained earnings	487,720,000	319,463,000
Total Liabilities & Shareholders' Equity	\$1,377,089,000	\$1,211,510,000

* At lower of average cost or market.

Less accumulated depreciation.

+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.56	10.03
%Net Income to Sales	7.25	6.09
%Net Income to Equity	29.14	35.96
Sales to Inventories	8.69	7.45
Debt to Equity	0.09	0.53
Working Capital	\$134,327,000	\$ 62,906,000
Current Ratio	1.40	1.18
Shareholders' Equity	\$781,542,000	\$404,075,000

The Lionel Corporation

441 Lexington Avenue
Suite 703
New York, New York 10017
(212) 818-0630

Officers: Michael J. Vastola, chairman of the board, president, chief executive officer & chief financial officer; Marvin J. Katz, sr. v.p.; George A. Padgett, senior vice president, secretary and general counsel; Robert F. Amweg, assistant controller; Louis P. Mongeluzzi, assistant secretary.

Directors: Michael J. Vastola, chairman; Comer S. Coppie, William M. Kallop, Marvin J. Katz, Arthur J. Kobacker, Wyllis A. Lang, George A. Padgett, Robert F. Raisbeck, Douglas T. Tansill, Philomena D. Warshaw.

Subsidiaries:

Lionel Leisure, Inc.
2951 Grant Avenue
Philadelphia, Pennsylvania 19114
(215) 671-3800

Operates a chain of 65 toy supermarkets in 16 states, operated under the names Lionel Kiddie City, Lionel Playworld, and Lionel Toy Warehouse. Major product lines include toys, games, hobbies, wheelgoods, juvenile furniture, playground equipment, pools, sporting goods, and camping equipment.

Transfer Agent(s):

First Jersey National Bank
2 Montgomery Street
Jersey City, New Jersey 07302

Stock Exchange(s): American, Pacific

Ticker Symbol: LIO

No. of Stores: (at fiscal year end)

	1986	1985	1984	1983	1982
	65	56	52	53	56

Sales and Earnings

	Net Sales +	Net Income ‡
1986	\$ 282,666,962	\$ 8,664,436
1985	246,075,840	39,587,614
1984	225,038,012	20,703,338
1983	198,498,992	(6,854,607)
1982	211,440,858	(51,128,583)

	No. of Com. Shares #	Earn. per Share #‡
1986	13,429,363	\$ 0.65
1985	8,403,562	4.74
1984	7,104,956	2.91
1983	7,103,731	—
1982	7,103,362	—

(Loss)

+ Of continuing operations only.

‡ Including extraordinary gains of \$20,294,237 (\$2.41 per share) in 1985 and \$10,117,700 (\$1.42 per share) in 1984.

Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 75,986,757	\$ 5.66
1985	66,765,206	7.94

The Lionel Corporation

1984	(5,069,506)	—
1983	(25,048,768)	—
1982	(18,199,260)	—

(Deficiency)

‡ Based on the average number of common shares and common share equivalents outstanding.

Income Account		
Year ended Dec. 31	1986	1985
Net sales	\$ 282,666,962	\$ 246,075,840
Other income	5,094,640	4,876,993
Total income	\$ 287,761,602	\$ 250,952,833
Cost of sales	191,529,631	173,157,407
Expenses	79,077,475	64,702,868
Depreciation & amortization	4,235,278	3,066,620
Interest expense	2,212,112	504,369
Unusual items	—	5,798,367
Inc. before taxes	\$ 10,707,106	\$ 3,723,202
Income taxes	2,042,670	1,817,091
Inc. - cont. oper.	\$ 8,664,436	\$ 1,906,111
Inc. - disc. oper.	—	17,387,266
Net Income	\$ 8,664,436	\$ 19,293,377
Extraord. gain	—	20,294,237
Net Income & extraord. gain.	\$ 8,664,436	\$ 39,587,614
Assets		
As of Dec. 31	1986	1985
Cash	\$ 2,993,426	\$ 1,357,468
Short-term invest.	50,800,000	33,040,000
Receivables, net	2,509,798	2,252,939
*Inventories	70,521,120	52,630,740
Prepaid expenses	3,216,580	3,128,567
Def. inc. taxes	1,201,000	500,000
Current Assets	\$ 131,241,924	\$ 92,909,714
#Fixed assets	32,874,321	17,828,809
Other assets	2,486,712	1,218,337
Total Assets	\$ 166,602,957	\$ 111,956,860
Liabilities		
Long-term debt, curr.	\$ 217,572	\$ 712,511
Accts. payable	37,015,782	23,686,279
Accrued reorg. costs	3,090,132	5,170,851
Accrued expenses	10,203,806	6,257,232
Taxes	3,585,503	4,764,765
Curr. Liabilities	\$ 54,112,795	\$ 40,591,638
Long-term debt	34,312,405	4,600,016
Deferred credit	2,191,000	—
+ Common stock	1,366,940	1,366,516
Add. paid-in capital	62,747,923	62,329,339
Retained earnings (deficit)	12,507,887	3,843,451
Treasury stock	(635,993)	(774,100)
Total Liabilities & Shareholders' Equity	\$ 166,602,957	\$ 111,956,860

* At lower of cost (retail method) or market.
Less accumulated depreciation and amortization.
+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.79	—
%Net Income to Sales	3.07	—
%Net Income to Equity	11.40	28.90
Sales to Inventories	4.01	4.68
Debt to Equity	0.45	0.08
Working Capital	\$77,129,129	\$52,318,076
Current Ratio	1.01	2.29
Shareholders' Equity	\$75,986,757	\$66,765,206

Loblaws Companies Limited

22 St. Clair Avenue East
Toronto, Ontario, Canada M4T 2S8
(416) 922-2500

Officers: W. Galen Weston, chairman of the board; Richard J. Currie, president; Raymond J. Addington, David A. Nichol, David M. Williams, exec. v.p.'s; Brian Y. Davidson, sr. v.p.-bus. development; Wayne E. East, v.p.-information services; David Bragg, v.p. & controller; James H. Farrell, v.p., general counsel & secretary; John N. McCullough, v.p. & asst. gen. counsel; John W. Thompson, v.p.-finance; Donald G. Reid, treasurer; Dorothy M. Leamen, Stewart E. Green, asst. secretaries; Stephen A. Smith, asst. controller; Richard P. Mavrinac, tax officer.

Directors: W. Galen Weston, chairman; Richard J. Currie, Charles M. Humphrys, Robert H. Kidd, Roger A. Lindsay, Arthur H. Mingay, David A. Nichol, George B. Robertson.

Business Activities: A Canadian holding company controlling major interest in food retailing and wholesaling in Canada and the United States. In addition to its food-related operations, Loblaws, through its subsidiaries, also participates in the Canadian general merchandise industries.

Divisions and Subsidiaries:

National Tea Company
Rosemont, Illinois
Operates supermarkets in the central United States.

Peter J. Schmitt Co., Inc.
Buffalo, New York
Wholesale and retail food distribution in the United States.

Loblaws Supermarkets Limited
Toronto, Ontario, Canada
Operates food stores in Ontario, Canada, under the Loblaws and Ziggys names.

Zehrmart Limited
Zehr's Markets Division
Cambridge, Ontario, Canada
Operates retail supermarkets under the Zehr's and Gordon's names in southwestern and north central Ontario.

National Grocers Company, Limited
Toronto, Ontario, Canada
A wholesale organization supplying retail food stores and institutions throughout Ontario and Quebec.

Atlantic Wholesalers Limited
Sackville, New Brunswick, Canada
Wholesaler of groceries, meat and product in the Maritime provinces.

Kelly, Douglas & Company, Limited (85% owned)
Vancouver, British Columbia, Canada
Engaged primarily in the wholesale and retail distribution of food and drug products, and also in extensive food manufacturing, catering, restaurant supply and dairy operations, operating mainly in Western Canada and the prairies.

Central Canada Grocers, Inc.
Toronto, Ontario, Canada

Combined Merchandisers Inc.
Toronto, Ontario, Canada

Westfair Foods Ltd.
Winnipeg, Manitoba, Canada

Loblaws International Merchants
Toronto, Ontario, Canada

Intersave Buying & Merchandising Services
Toronto, Ontario, Canada

Acquisition(s):
Capitol Stores Ltd.
Halifax, Nova Scotia, Canada
Operates a chain of six food stores.

Hickman, Coward and Wattles, Inc.
Buffalo, New York
Wholesale food operations.

Kotok & Helms Corporation
Buffalo, New York
Wholesale food operations.

Transfer Agent(s):

National Trust Company
Toronto, Montreal, Calgary, Winnipeg, Regina, Halifax & Vancouver, Canada

Stock Exchange(s): Toronto, Montreal, Vancouver

Ticker Symbol: LA (Class A); LB (Class B)

Number of Stores: (at fiscal year end)

1986	380	1983	403
1985	363	1982	506
1984	381		

Sales and Earnings

	Net Sales (000's)	Net Income ‡ (000's)
1986*	\$ 7,838,900	\$ 73,700
1985	6,931,100	67,100
1984	6,419,400	64,200
1983	6,091,019	52,747
1982	6,220,981	39,306

	No. of Com. Shares +	Earn. per Share ‡ +
1986	71,390,384	\$ 0.91
1985	71,305,892	0.85
1984	71,003,716	0.81
1983	70,933,146	0.66
1982	70,821,022	0.46

* 53 weeks.

‡ Including extraordinary gains of \$3,100,000 (\$0.05 per share) in 1984, \$700,000 (\$0.01 per share) in 1983, and extraordinary loss of \$5,682,000 (\$0.08 per share) in 1982.

+ Adjusted to reflect stock split.

Common Stock		
	Cash Dividend	Stock Dividend
1986	—	—
1985	—	—
1984	—	—
1983	—	—
1982	—	—

Common Stock Equity		
	Total Equity ‡	Equity Per Share ‡
1986	\$ 473,600,000	\$ 6.68
1985	413,500,000	5.85
1984	357,400,000	5.09
1983	303,724,000	4.33
1982	261,454,000	3.69

‡ After allowing for preferred stock at redemption values.
† Adjusted to reflect stock split.

Income Account (000's)		
Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 7,838,900	\$ 6,931,100
Cost of sales & exp.	7,590,000	6,706,600
Depreciation	85,500	73,000
Interest expense	45,200	36,300
Income before taxes	\$ 118,200	\$ 115,200
Income taxes	39,200	44,300
Minority interest	5,300	3,800
Net Income	\$ 73,700	\$ 67,100
Assets (000's)		
As of	1/3/87	12/28/85
Cash & invest.	\$ 75,800	\$ 1,500
Accts. receiv., net	219,800	207,900
Prop. for sale	17,300	7,600
*Inventories	599,300	523,500
Prepaid expenses	27,400	12,600
Current Assets	\$ 939,600	\$ 753,100
Investments	100,300	102,900
#Fixed assets	850,700	596,700
#Prop. under cap. leases	59,300	58,800

Deferred income taxes	—	4,100
Defer. charges & intangibles	28,100	14,100

Total Assets \$ 1,978,000 \$ 1,529,700

Liabilities (000's)		
Bank advances & notes payable	\$ 50,900	\$ 48,200
Long-term debt, curr.	12,200	12,100
Cap. lease oblig., curr.	6,300	8,100
Accounts payable & accruals	629,000	526,200
Taxes payable	40,300	26,700
Dividend payable	—	3,000

Curr. Liabilities	\$ 738,700	\$ 627,300
Long-term debt	430,900	250,700
Cap. lease oblig.	68,600	67,800
Other liabilities	29,100	28,300
Deferred inc. taxes	16,700	—
Minority interest	38,800	34,600
+ First pref. stock:		
First series	22,000	22,000
Second series	11,300	11,600
+ Second pref. stock:		
First series	30,000	30,000
Second series	25,000	25,000
Third series	75,000	—
+ Junior pref. stock:		
First series	1,200	1,200
Second series	1,300	1,300
Third series	2,200	2,200
Fourth series	900	1,100
+ Common stock	104,500	104,100
Add. paid-in capital	10,200	10,300
Retained earnings	347,500	294,800
Curr. trans. adj.	24,100	17,400

Total Liabilities & Shareholders' Equity \$ 1,978,000 \$ 1,529,700

* At lower of cost and net realizable value.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	1.51	1.66
%Net Income to Sales	0.94	0.97
%Net Income to Equity	11.25	12.88
Sales to Inventories	13.08	13.24
Debt to Equity	0.87	0.75
Working Capital	\$200,900,000	\$125,800,000
Current Ratio	1.27	1.20
Shareholders' Equity	\$655,200,000	\$521,000,000

Longs Drug Stores, Inc.

141 North Civic Drive
P.O. Box 5222
Walnut Creek, California 94596
(415) 937-1170

Officers: J.M. Long, chairman of the board; R.M. Long, president & chief exec. officer; R.A. Scott, exec. v.p.; R.A. Plomgren, sr. v.p.-development; D.G. DeSchane, G.A. Duey, T.R. Sweeney, B.M. Brandon, R.W. Wilson, D.D. England, D.R. Wilson, V.H. Howe, R.W. Vienop, M. Baird, v.p.'s; W.G. Combs, v.p.-administration & treasurer; S.D. Routh, sr. v.p.-marketing; O.D. Jones, sr. v.p.-real estate & secretary; L.C. Anderson, v.p.-personnel; R.W. Boyd, v.p.-professional affairs.

Directors: J.M. Long, T.J. Long, N.C. Adams, R.M. Long, I.W. Rowland, Samuel B. Stewart, Ronald A. Plomgren, D.E. McHenry, R.A. Scott, T.R. Sweeney, S.D. Routh, W.G. Combs, E.E. Johnston.

Business Activities: Operates a chain of drug stores located in California, Hawaii, Alaska, Arizona, Oregon, Nevada and Colorado.

Transfer Agent(s):

Bank of America N.T. & S.A.
San Francisco, California 94120

Stock Exchange(s): New York

Ticker Symbol: LDG

Number of Stores: (at fiscal year end)

1987	222	1984	178
1986	208	1983	173
1985	191		

Sales and Earnings

	Net Sales	Net Income
1987	\$1,635,442,000	\$ 38,594,000
1986	1,480,830,000	37,718,000
1985	1,375,769,000	40,094,000
1984	1,214,443,000	36,387,000
1983	1,123,234,000	30,890,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	21,142,000	\$ 1.78
1986	21,741,000	1.74
1985	21,335,000	1.88
1984	21,236,000	1.72
1983	21,186,000	1.46

‡ Based on the weighted average number of common stock and common stock B shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1987	\$0.75	—	—
1986	0.70	—	—
1985	0.62	—	2-for-1
1984	0.55	—	—
1983	0.51	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 290,444,000	\$ 13.74
1986	289,838,000	13.33
1985	260,907,000	12.23
1984	224,402,000	10.57
1983	198,816,000	9.38

‡ Based on the weighted average number of common stock and common stock B shares outstanding adjusted to reflect stock split.

Income Account * (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 1,635,442	\$ 1,480,830
Cost of sales	1,241,324	1,123,145
Expenses	258,334	231,189
Occupancy	60,890	53,778
Income before taxes	\$ 74,894	\$ 72,718
Income taxes	36,300	35,000
Net Income	\$ 38,594	\$ 37,718

* Included in Costs and Expenses. Depreciation: \$12,565,000 in 1987 and \$12,076,000 in 1986.

Assets (000's)

As of Jan. 31	1987	1986
Cash & short term invest.	\$ 12,999	\$ 23,112
*Inventories	181,029	169,222
Prepaid expenses & deposits	18,716	15,659
Current Assets	\$ 212,744	\$ 207,993
#Fixed assets	229,693	203,314
Total Assets	\$ 442,437	\$ 411,307

Liabilities (000's)

Accts. payable	\$ 84,264	\$ 66,116
Compensation	17,797	14,773
Income taxes	6,973	4,028
Other taxes	16,474	14,906
Other liabilities	11,038	8,938

Curr. Liabilities	\$ 136,546	\$ 108,761
Deferred inc. taxes	15,447	12,708
+ Common stock	10,571	10,870
Add. paid-in capital	13,682	6,424
Contrib. to profit sharing	5,299	5,650
Retained earnings	260,892	266,894

Total Liabilities & Shareholders' Equity \$ 442,437 \$ 411,307

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	4.58	4.91
%Net Income to Sales	2.36	2.55
%Net Income to Equity	13.29	13.01
Sales to Inventories	9.03	8.75
Working Capital	\$ 76,198,000	\$ 99,232,000
Current Ratio	1.56	1.91
Shareholders' Equity	\$290,444,000	\$289,838,000

Lowe's Companies, Inc.

State Highway 268 East
Box 1111
North Wilkesboro, North Carolina 28656
(919) 651-4000

Officers: Robert L. Strickland, chairman of the board; Leonard G. Herring, president & chief executive officer; Wendell R. Emerine, exec. v.p.; Dwight E. Pardue, sr. exec. v.p.-real estate; William H. McElwee, Sr., managing director & general counsel; Arnold N. Lakey, v.p.-credit; Richard D. Elledge, v.p., chief accounting officer & secretary; Harry B. Underwood, II, sr. v.p.-finance & treasurer; John W. Vining, Jr., v.p.-administration; William H. McElwee, Sr., managing dir. & gen. counsel; Leslie G. Shell, III, controller; W. Nathan Mitchell, asst. secretary; William C. Warden, Jr., asst. secretary; William F. Reins, asst. treasurer.

Directors: Petro Kulynych, William H. McElwee, Sr., Leonard G. Herring, Robert L. Strickland, Gordon E. Cadwgan, Robert G. Schwartz, Jack C. Shewmaker, William A. Andres, John M. Belk.

Business Activities: Operates a group of merchandise stores specializing in lumber, building materials, hardware, appliances and a variety of other consumer products. Stores are located in 21 states, principally in the South.

Transfer Agent(s):

Wachovia Bank & Trust Company, N.A.
Box 3001
Winston-Salem, North Carolina 27102

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York, Pacific, London

Ticker Symbol: LOW

Number of Stores: (at fiscal year end)

1986	300	1983	238
1985	282	1982	235
1984	248		

Sales and Earnings

	Net Sales	Net Income
1987	\$2,283,480,000	\$ 52,219,000
1986	2,072,569,000	59,714,000

Lowe's Companies, Inc.

1985	1,688,738,000	€1,433,000
1984	1,450,576,000	50,615,000
1983	1,034,032,000	25,131,000

	No. of Com. Shares	Earn. per Share
1987	39,029,000	\$ 1.34
1986	36,509,000	1.64
1985	36,248,000	1.70
1984	36,193,000	1.40
1983	33,333,000	0.75

‡ Adjusted to reflect stock split.

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1987	1986
Structural lumber	\$ 419,000	\$ 364,000
Bldg. commod. & millwork	698,000	664,000
Home decor. & illum.	265,000	239,000
Kitch., bath & laundries	221,000	197,000
Heating, cooling & water syst.	110,000	104,000
Home entertainment	107,000	78,000
Recreation, yard, patio, garden & farms	177,000	163,000
Tools	65,000	56,000
Spec. order sales	221,000	208,000
Total	\$ 2,283,000	\$ 2,073,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.40	—	—
1986	0.36	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.29	—	5-for-3

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 540,534,000	\$ 13.85
1986	407,373,000	11.16
1985	341,348,000	9.42
1984	291,505,000	8.05
1983	198,783,000	5.96

+ Adjusted to reflect stock split.

Income Account (000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 2,283,480	\$ 2,072,569
Cost of sales	1,724,370	1,560,373
Expenses	382,812	343,346
Depreciation	30,474	21,759
Emp. retire. ben.	23,950	22,719
Interest expense	13,748	11,507
Income before taxes	\$ 108,126	\$ 112,865
Income taxes	53,022	53,151
Net Income	\$ 55,104	\$ 59,714

Assets (000's)

As of Jan. 31	1987	1986
Cash & short-term invest.	\$ 50,013	\$ 87,190
Accts. receiv., net	118,693	127,603
*Inventories	368,135	313,143
Prepaid inc. taxes	10,042	6,713
Current Assets	\$ 546,883	\$ 534,649

#Fixed assets	413,220	308,603
Other assets	9,116	12,939

Total Assets \$ 969,219 \$ 856,191

Liabilities (000's)

Long-term debt, curr.	\$ 9,902	\$ 8,673
Accts. payable	163,260	168,068
Emp. retire. benefit pay.	22,971	22,225
Accrued payroll	14,002	13,258
Other liabilities	47,168	39,445
Curr. Liabilities	\$ 257,303	\$ 251,669
Long-term debt	152,977	183,909
Def. inc. taxes	18,405	13,240
+ Common stock	19,812	18,541
Add. paid-in capital	176,448	82,219
Retained earnings	344,274	306,613

Total Liabilities & Shareholders' Equity \$ 969,219 \$ 856,191

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.74	5.45
%Net Income to Sales	2.41	2.88
%Net Income to Equity	10.19	14.66
Sales to Inventories	6.20	—
Debt to Equity	0.28	0.47
Working Capital	\$289,580,000	\$282,980,000
Current Ratio	2.13	2.12
Shareholders' Equity	\$540,534,000	\$407,373,000

Number of Stores: (at fiscal year end)

	Food Stores	Dept. Stores	Specialty Retailing
1986	579	—	—
1985	582	80	803
1984	622	77	696
1983	567	76	986
1982	561	80	949
1981	541	86	849

Sales and Earnings

	Net Sales + (000's)	Net Income † (000's)
1986	\$ 6,440,871	\$ 225,940
1985	6,225,265	86,526
1984*	6,206,594	94,631
1983	5,544,856	105,400
1982	5,186,344	92,228

	No. of Com. Shares	Earn. per Share #
1986	38,442,129	\$ 4.47
1985	51,043,348	1.67
1984*	50,850,678	1.84
1983	50,739,660	2.05
1982	50,599,005	1.80

* 53 weeks.

+ Of continuing operations only.

† Including extraordinary loss of \$7,315,000 (\$0.15 per share) in 1986.

Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.87	—	—
1985	1.16	—	—
1984	1.16	—	—
1983	1.16	—	—
1982	1.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 272,089,000	\$ 7.08
1985	636,362,000	12.47
1984	609,442,000	11.98
1983	573,619,000	11.31
1982	526,400,000	10.40

Income Account (000's)

Year ended	2/1/87	2/2/86
Net sales	\$ 6,440,871	\$ 6,225,265
Cost of sales	4,917,211	4,820,978
Expenses	1,273,877	1,225,169
Depreciation & amortization	85,701	77,509
Interest expense	36,477	27,114
Inte. est. income	(6,818)	(3,613)
Ret. truc. costs	32,632	—

income before taxes	\$ 101,791	\$ 78,108
Incom. taxes	52,097	29,458
Inc.-com. oper.	49,694	48,650
Inc.-discont. oper.	183,561	37,876

Net Income	\$ 233,255	\$ 86,526
Extraord. loss	(7,315)	—

Net Income & extraord. loss	\$ 225,940	\$ 86,526
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Assets (000's)

As of	2/1/87	2/2/86
Cash & short term securities	\$ 75,923	\$ 12,742
Receivables	52,795	70,381
*Inventories	323,664	793,193

Lucky Stores, Inc.

6300 Clark Avenue
P.O. Box BB
Dublin, California 94568
(415) 828-1000

Officers: John M. Lillie, chairman & chief exec. officer; Lawrence A. DelSanto, president; Edgar H. Grubb, sr. v.p. & chief financial officer; Leon W. Roush, sr. v.p.-food operations; Thomas F. Herman, sr. v.p. & chief administrative officer; Anne C. Broome, v.p. & controller; F. Del Helm, v.p.-real estate; Lester C. Kranhold, v.p.-engineering; Frank J. Dorsey, v.p.-warehousing, distribution & store systems; Raymond H. Sweeney, v.p.-industry relations; R. Lee Paulson, v.p.-management information systems; Richard M. Brooks, v.p.-finance & treasurer; Christopher McLain, v.p., counsel & secretary; Jimmie D. Prince, v.p.-manufacturing.

Directors: Gerald A. Awes, William H. Dyer, Jr., Stanley Hiller, Jr., Walter E. Hoadley, John H. Hoefler, Joseph A. Woods, Jr., Forrest A. Plant, Mary E. Lanigan, S. Donley Ritchey*, John M. Iltis*, Melvin B. Lane, Sam L. Ginn, Luis G. Nogales, Lawrence A. Del Santo*, Mary S. Metz.

* Member of the Executive Committee.

Business Activities: Operates a chain of food units consisting of supermarkets, and larger units called food centers; Lucky Discount Supermarkets are located in Western states; Food Basket in San Diego County, California; Kash 'N Karry in Florida; Eagle Discount Supermarkets in the Midwest and Texas. Also operates Harvest Day Bakeries and Lady Lee dairies and ice cream plants (California).

Transfer Agent(s):

Bank of America N.T. & S.A.
(common and preferred stock)
World Headquarters Building
San Francisco, California 94104

Stock Exchange(s): New York, Pacific

Ticker Symbol: LKS

Prepaid expenses & leases	70,286	36,799
Net assets held for sale	41,382	—
Current Assets	\$ 564,050	\$ 913,115
#Fixed assets	736,466	815,447
Prop. under cap. lease	58,879	112,186
Prop. under construc.	48,496	50,041
Other assets	26,703	28,724
Intangibles	11,364	12,947
Total Assets	\$ 1,551,671	\$ 1,932,460

Liabilities		
(000's)		
Long-term debt, curr.	\$ 8,199	\$ 14,789
Accts. payable	281,750	443,778
Accruals	344,932	269,387
Income taxes	122,804	14,536

Curr. Liabilities	\$ 757,685	\$ 742,490
Long-term debt	285,524	239,701
Other deferred liab.	109,778	101,140
Cap. lease oblig.	73,425	140,066
Deferred inc. taxes	53,170	52,840
+ Redeem. pref. stock	—	19,861
+ + Common stock	384	63,804
Add. paid-in capital	2,519	198,017
Retained earnings	269,186	374,541

Total Liabilities & Shareholders' Equity	\$ 1,551,671	\$ 1,932,460
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* At LIFO cost.
 # Less accumulated depreciation.
 + No par value.
 + + \$0.01 par value in 1986 and \$1.25 par value in 1985.

Statistical Summary		
%Net Income to Equity	85.73	13.60
Sales to Inventories	19.90	7.85
Debt to Equity	1.33	0.62
Working Capital	—	\$220,666,000
Current Ratio	—	1.30
Shareholders' Equity	\$272,089,000	\$636,362,000

L. Luria & Son, Inc.

5770 Miami Lakes Drive
 Miami Lakes, Florida 33014
 (305) 557-9000

Officers: Leonard Luria, chairman, president, treasurer & chief executive officer; Peter Luria, exec. v.p.; Gary Y. Holtzman, sr. v.p.-operations & stores; Russ Hutchings, v.p.-real estate; Henry S. Luria, v.p.-corp. development; John M. Mann, v.p.-finance & chief financial officer; Joan Reece, v.p.-jewelry mdse.; Neil Mergler, v.p.-advertising & marketing; Gloria Luria, secretary.

Directors: Leonard Luria, chairman; David Brawer, Peter Luria, Sydney A. Luria, Edwin D. Marks, Harold Wolfson, Harry Diven, Jr., Henry S. Luria, John M. Mann.

Business Activities: Operates a chain of catalog showrooms throughout the state of Florida. The product mix includes jewelry, watches, silver, gift items, luggage and home electronic equipment.

Transfer Agent(s):

The Citizens and Southern National Bank
 P.O. Box 105555
 Atlanta, Georgia 30348-5555

Stock Exchange(s): American

Ticker Symbol: LUR

Number of Stores: (at fiscal year end)

1987	39	1984	32
1986	37	1983	30
1985	35		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 172,379,000	\$ 4,580,000
1986*	108,591,000	4,578,000
1985	148,190,591	5,431,150
1984	145,228,602	6,836,810
1983	123,836,350	5,555,829

	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,490,000	\$ 0.83
1986*	5,472,000	0.84
1985	5,457,769	1.00
1984	5,438,256	4.26
1983	5,199,884	1.07

* 7 Months.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	—
1984	—	3%	—

	Total Equity	Equity Per Share ‡
1987	\$ 61,994,000	\$11.29
1986	57,296,000	10.45
1985	52,503,647	9.61
1984	46,709,014	8.59
1983	39,874,200	7.67

‡ Adjusted to reflect stock dividend.

Income Account *

Year ended [†]	1/31/87	2/1/86 (7 months)
Net sales	\$ 172,379,000	\$ 108,591,000
Cost of sales	118,005,000	73,073,000
Expenses	46,414,000	27,056,000
Interest exp. (income)	41,000	(163,000)
Income before taxes	\$ 7,919,000	\$ 8,625,000
Income taxes	3,947,000	4,047,000
Cum. effect of change in accounting meth.	(608,000)	—
Net Income	\$ 4,580,000	\$ 4,578,000

* Included in Costs and Expenses. Depreciation: \$2,315,000 in 1987 and \$1,368,000 in 1986.

Assets

As of	1/31/87	2/1/86
Cash & short-term invest.	\$ 14,480,000	\$ 11,407,000
Accts. receiv., net	1,121,000	849,000
*Inventories	64,661,000	64,272,000
Prepaid expenses	2,769,000	3,070,000

Current Assets	\$ 83,031,000	\$ 79,598,000
#Fixed assets	24,119,000	19,555,000
Other assets	950,000	248,000

Total Assets	\$ 108,100,000	\$ 99,401,000
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Liabilities

Notes payable	\$ 884,000	\$ 1,585,000
Long-term debt, curr.	235,000	32,000
Accts. payable	29,226,000	34,504,000
Accruals	7,804,000	1,440,000

Curr. Liabilities	\$ 38,149,000	\$ 37,561,000
Long-term debt	3,642,000	1,277,000
Deferred credits	4,315,000	3,267,000
+ Common stock	36,000	55,000
+ Class B Common Stock	19,000	—
Add. paid-in capital	18,590,000	18,472,000
Retained earnings	43,349,000	38,769,000

Total Liabilities & Shareholders' Equity	\$ 108,100,000	\$ 99,401,000
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* At cost (LIFO) for diamonds and jewelry. All others at lower of cost (FIFO) or market.
 # Less accumulated depreciation.
 + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.59	7.94
%Net Income to Sales	2.66	4.22
%Net Income to Equity	7.39	7.99
Sales to Inventories	2.67	1.69
Debt to Equity	0.06	0.02
Working Capital	\$44,882,000	\$42,031,000
Current Ratio	2.18	2.12
Shareholders' Equity	\$61,994,000	\$57,296,000

Luskin's, Inc.

7540 Washington Boulevard
 Baltimore, Maryland 21227
 (301) 799-9000

Officers: Jack Luskin, chairman & chief exec. officer; Cary A. Luskin, president & chief operating officer; Kevin E. Luskin, v.p. & secretary; William F. Love, Jr., treasurer; Stuart Kallman, director of sales & marketing.

Directors: Jack Luskin, chairman of the board; Cary A. Luskin, Kevin E. Luskin, Isaac M. Neuberger, Melvin Berger.

Business Activities: Operates 53 specialty retail stores which sell a wide variety of home entertainment and consumer electronic products and major appliances under the Luskin's, Tokyo Shaprio, Hi Fi Buys, and Buys names, in seven states and the District of Columbia.

Subsidiaries:

Sound and Sight, Inc.
 Indianapolis, Indiana

Operates home entertainment and consumer electronics stores under the names Hi Fi Buys and Buys, in Indiana, Michigan, and Kentucky.

We-are-Electronics, Inc.
 Ashby Enterprises, Ltd.
 Rising Sun, Inc.
 Tokyo Shaprio, Inc.

Transfer Agent(s):

Maryland National Bank
 Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: LUSK (NASDAQ)

Number of Stores: (at fiscal year end)

1986	53	1983	23
1985	53	1982	23
1984	29		

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 140,025,000	\$ 950,000
1985	109,827,000	4,291,000
1984	89,987,000	4,233,000
1983	71,677,000	3,551,000
1982	53,087,000	908,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	4,765,000	\$ 0.20
1985	4,658,000	0.92
1984	4,500,000	0.94
1983	4,500,000	0.79
1982	4,500,000	0.20

† Including extraordinary gain of \$227,000 (\$0.05 per share) in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Luskin's, Inc.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 18,164,000	\$ 3.81
1985	18,816,000	4.04
1984	11,290,000	2.51
1983	7,056,000	1.57
1982	3,506,000	0.78

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	1/31/87	12/31/85
Net sales	\$ 140,025,000	\$ 109,827,000
Other income	1,050,000	1,299,000
Total income	\$ 141,075,000	\$ 111,126,000
Cost of sales	101,681,000	80,735,000
Expenses	37,068,000	22,659,000
Interest expense	653,000	97,000
Other income	(177,000)	(221,000)
Income before taxes	\$ 1,850,000	\$ 7,856,000
Income taxes	900,000	3,565,000
Net Income	\$ 950,000	\$ 4,291,000

* Included in Costs and Expenses, Depreciation and Amortization: \$1,209,000 in 1986 and 692,000 in 1985.

Assets

As of	1/31/87	12/31/85
Cash	\$ 9,282,000	\$ 14,564,000
Accts. receiv., net	2,038,000	1,893,000
*Inventories	24,708,000	23,905,000
Prepaid expenses	920,000	725,000

Current Assets	\$ 36,948,000	\$ 41,087,000
Fixed assets	7,794,000	4,175,000
Other assets	803,000	282,000
Intangibles	1,753,000	1,930,000

Total Assets	\$ 47,298,000	\$ 47,474,000
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Liabilities

Bank overdraft	\$ 4,308,000	\$ 355,000
Payable for purch. of treasury stock	1,650,000	—
Long-term debt, curr.	39,000	61,000
Accts. payable	7,457,000	22,561,000
Accruals	1,954,000	1,641,000
Income taxes	1,568,000	2,898,000
Deferred serv. inc.	1,369,000	554,000

Curr. Liabilities	\$ 18,345,000	\$ 28,070,000
Long-term debt	10,079,000	111,000
Deferred serv. inc.	652,000	95,000
Deferred inc. taxes	58,000	187,000
Exc. of acq. assets over purch. price	—	195,000
+ Common stock	48,000	48,000
Add. paid-in capital	3,217,000	3,232,000
Retained earnings	16,549,000	15,536,000
Treasury stock	(1,650,000)	—

Total Liabilities & Shareholders' Equity	\$ 47,298,000	\$ 47,474,000
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* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	1.32	7.15
%Net Income to Sales	0.68	3.91
%Net Income to Equity	5.23	22.81
Sales to Inventories	5.67	4.59
Debt to Equity	0.56	0.01
Working Capital	\$18,603,000	\$13,017,000
Current Ratio	2.01	1.46
Shareholders' Equity	\$18,164,000	\$18,816,000

R.H. Macy & Co., Inc.

(R.H. Macy's has become a private company through a leveraged buyout.)

151 West 34th Street
New York, New York 10001
(212) 560-3600

Officers: Edward S. Finkelstein, chairman of the board & chief executive officer; Mark S. Handler, president & chief operating officer; senior vice presidents: Donald Eugene-finance & operations administration, Nat Kurtz-taxes, James O. York-planning and development, Gertrude G. Michelson-external affairs, Richard A. Wall-control, Theodore M. Ronick-corporate buying, Michael W. Stemen-store planning, design & construction, A. David Brown-personnel & labor relations, Marvin Fenster-special counsel & secretary, Herbert M. Hellman, gen. counsel; chief executive officers of retail store groups: Arthur E. Reiner-Macy's New York, Robert N. Friedman-Bamberger's, Harold D. Kahn-Macy's California, Herbert Friedman-Macy's Atlanta.

Directors: Stephen M. DuBrul, Jr., James O. York, J. Richardson Dilworth*, Edward S. Finkelstein*, Lawrence E. Fouraker*, Mark S. Handler*, Donald B. Smiley*, Kenneth H. Straus, Beverly Sills Greenough, Harold A. Shaub, Martha Peterson, Barbara S. Preiskel, Robert G. Schwartz*, Herbert Freidman, Robert Freidman, Arthur E. Reiner, Robert G. Stone, Jr.

* Member of the Executive Committee.

Business Activities: Operates a chain of department stores.

Divisions:

Bamberger's
131 Market Street
Newark, New Jersey 07101
(201) 565-1234

Macy's California
Stockton & O'Farrell Streets
San Francisco, California 94119
(415) 397-3333

Macy's Atlanta
180 Peachtree Street
Atlanta, Georgia 30303
(404) 221-7221

R.H. Macy Corporate Buying
151 West 34th Street
New York, New York 10001

R.H. Macy Properties
151 West 34th Street
New York, New York 10001

Macy's New York, Inc.
Herald Square
New York, New York 10001
(212) 695-4400

Macy Credit Corp.
151 West 34th Street
New York, New York 10001
(212) 279-9829

R.H. Macy Store Planning, Design and Construction
New York, New York

Number of Stores: (at fiscal year end)

1985	95	1982	92
1984	96	1981	92
1983	93		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1985*	\$ 4,368,386	\$ 189,315
1984	4,065,139	221,805
1983	3,468,144	186,678
1982	2,979,391	135,571
1981	2,656,689	118,739
	No. of Com. Shares +	Earn. per Share ‡‡
1985*	51,342,128	\$ 3.69
1984	51,000,220	4.37

1983	50,340,670	3.72
1982	49,644,589	2.74
1981	49,085,781	2.43

*53 weeks.

‡ Includes licensed departments.

+ Adjusted to reflect stock splits.

‡‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1985	\$1.10	—	—
1984	0.92	—	—
1983	0.72½	—	3-for-2
1982	0.62½	—	2-for-1
1981	0.54¼	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity#	Equity Per Share †
1985	\$1,305,530,000	\$ 25.43
1984	1,152,202,000	22.59
1983	954,956,000	18.97
1982	784,775,000	15.81
1981	676,413,000	13.78

After allowing for preferred stock Series A at a redemption value of \$107.50 per share.

† Adjusted to reflect stock splits.

Income Account *

Year ended	8/3/85 (53 weeks)	7/28/84
Net sales	\$ 4,368,386	\$ 4,065,139
Cost of sales	2,959,666	2,744,690
Expenses	953,389	817,509
Other income	(19,111)	(16,088)
Interest expense	101,995	81,492
Income before taxes	\$ 372,447	\$ 437,536
Income taxes	183,132	215,731
Net Income	\$ 189,315	\$ 221,805

* Included in Costs and Expenses, Depreciation: \$103,176,000 in 1985 and \$88,970,000 in 1984.

Assets (000's)

As of	8/3/85	7/28/84
Cash	\$ 21,887	\$ 71,661
Accts. receiv., net	31,986	58,347
Other receiv.	62,293	43,840
*Inventories	828,337	756,553
Prepaid expenses	34,555	24,498

Current Assets	\$ 979,058	\$ 954,899
Fixed Assets	1,093,746	943,998
Other assets	283,811	247,546

Total Assets	\$ 2,356,615	\$ 2,146,443
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Liabilities (000's)

Long-term debt, curr.	\$ 12,194	\$ 12,219
Accts. payable & accruals	466,623	412,284
Income taxes	204,454	217,321
Cap. lease oblig., curr.	3,668	3,343

Curr. Liabilities	\$ 686,939	\$ 645,167
Long-term debt	134,221	132,070
Defer. compensation	30,670	27,776
Other deferred credits	17,929	20,028
Deferred inc. taxes	82,825	63,926
Defer. investment credit	31,501	26,014
Cap. lease oblig.	50,514	62,774
+ Preferred stock: 4¼% Series A	15,336	15,336

++ Common stock	71,357	71,258
Add. paid-in capital	132,468	115,659
Retained earnings	1,116,475	983,398
Treasury stock	(4,989)	(3,821)
Deferred compens.	(8,631)	(13,142)

Total Liabilities & Shareholders' Equity	\$ 2,356,615	\$ 2,146,443
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* Determined by the retail inventory method using LIFO cost for 71% of inventory; remainder at lower of cost (FIFO) or market.

† Less accumulated depreciation.

+ \$100 par value.

++ \$0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.53	10.76
%Net Income to Sales	4.33	5.46
%Net Income to Equity	14.32	18.98
Sales to Inventories	5.27	5.37
Debt to Equity	0.15	0.18
Working Capital	\$ 292,119,000	\$ 309,732,000
Current Ratio	1.43	1.48
Shareholders' Equity	\$1,322,016,000	\$1,168,688,000

Manhattan Industries, Inc.

Corporate Offices:

1155 Avenue of the Americas
New York, New York 10036
(212) 221-7500

Administrative Offices:

25 DeBoer Drive
Glen Rock, New Jersey 07452
(201) 447-2000

Officers: Laurence C. Leeds, Jr., chairman of the board & chief exec. officer; Nicholas P. DiPaolo, president & chief operating officer; Donald H. Kallman, vice chairman of the board, exec. v.p. & chairman of the executive committee; Samuel M. Miller, v.p., secretary, treasurer & controller; Bruce P. Fogwell, v.p.-advertising & public relations; Zachary Solomon, exec. v.p.

Directors: Roy M. Goodman, Thomas Hoving, Donald H. Kallman*, Harvey N. Krueger, E. John Rosenwald, Jr., Laurence C. Leeds, Jr.*, Jack Lyons, Irving Matthews, Irving Silverman, Carl Spielvogel, Louis C. Stengel, Jr.*, Nicholas P. DiPaolo*, Zachary Solomon*, Thomas J. Tisch.

* Member of the Executive Committee.

Business Activities: Manufactures and retails men's and women's apparel. The Apparel Division consists of three companies manufacturing men's wear and two companies manufacturing women's wear. The Retail Division is composed of the 59 stores operated by Manhattan Factory Outlets, which sell men's and women's wear and domestic furnishings in the Northeast and South. The International Division represents Manhattan Industries around the world with 32 Manhattan licensees operating in 45 countries.

Divisions and Subsidiaries:

Apparel Division:

Men's Wear

The Manhattan Shirt Company
1155 Avenue of the Americas
New York, New York 10036

Manufactures and sells men's shirts, sportshirts, sport knits and pajamas. Manufacturing plants: Americus, Georgia.

Manhattan Accessories Division
1155 Avenue of the Americas
New York, New York 10036

Manufactures and sells men's neckwear, scarves and mufflers, belts and small leather goods.

John Henry for Men
1155 Avenue of the Americas
New York, New York 10036

Markets men's shirts, sportshirts and accessories.

Henry Grethel for Men
1155 Avenue of the Americas
New York, New York 10036
Markets designer sportswear, shirts and furnishings.

Morgan Shirt Corporation
Morgantown, West Virginia
Manufactures men's shirts.

Women's Wear

MI Designer Group

Anne Klein for New Aspects
1411 Broadway
New York, New York 10018
Manufactures and sells women's blouses.

The Lady Manhattan Company
1407 Broadway
New York, New York 10018
(212) 265-3700
Manufactures and sells blouses. Mfg. plants: Scranton, Pennsylvania.

The Vera Companies
417 Fifth Avenue
New York, New York 10016
Manufactures and sells women's sportswear, dresses, scarves and table linens. Mfg. plants: Puerto Rico, and Grafton, West Virginia.

John Henry for Women
1411 Broadway
New York, New York 10018
Markets women's shirts and tops.

Manhattan Dress Division
1400 Broadway
New York, New York 10018
Manufactures and markets John Henry, Peter Ashley, and Lanvin dresses.

Henry Grethel for Women
1411 Broadway
New York, New York 10018
Markets women's shirts, tops and sportswear.

Perry Ellis Division
575 Seventh Avenue
New York, New York
Designs and markets women's sportswear.

Retail Division:

Manhattan Factory Outlet
1501 Broadway
Fair Lawn, New Jersey 07410
(201) 799-8660

Licensing Division:

Manhattan Licensing
1155 Avenue of the Americas
New York, New York 10036

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: MHT

Number of Stores: (at fiscal year end)

1987	59	1986	92
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Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1987	\$ 335,754	\$ (7,419)
1986	335,469	(11,008)
1985	381,018	1,124
1984	308,809	11,547
1983	279,236	7,525

	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,061,000	\$ —
1986	5,041,000	—
1985	4,824,000	0.20
1984	4,143,000	2.67
1983	3,832,000	1.78

(Loss)

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.70	4%	—
1986	0.25	4%	—
1985	0.30	4%	—
1984	0.30	4%	—
1983	0.30	4%	—

Common Stock Equity

	Total Equity ‡	Equity Per Share ‡
1987	\$ 62,671,000	\$ 12.28
1986	70,987,000	14.05
1985	83,040,000	16.52
1984	72,721,000	16.60
1983	59,987,000	15.84

‡ After allowing for convertible preferred stock at involuntary liquidation value.

§ Adjusted to reflect stock dividends.

Income Account *

	(000's)	1987	1986
Year ended Jan. 31			
Net sales	\$	335,754	\$ 335,469
Cost of sales		252,769	254,837
Expenses		81,898	80,624
Royalty & other income		(6,087)	(5,022)
Interest expense		10,296	11,693
Non-recurring inc.		(9,333)	(1,482)
Bus. realign. charges		7,500	16,800
Loss before taxes	\$	(1,289)	\$ (22,031)
Tax credit		—	(10,900)
Loss - cont. oper.	\$	(1,289)	\$ (11,131)
Inc. (loss) - discont. oper.		(6,130)	123
Net Loss	\$	(7,419)	\$ (11,008)

* Included in Costs and Expenses, Depreciation and Amortization: \$5,061,000 in 1987 and \$4,885,000 in 1986.

Assets

	(000's)	1987	1986
As of Jan. 31			
Cash	\$	1,475	\$ 2,436
Accts. receiv. net		13,267	21,568
*Inventories		71,563	74,503
Prepaid expenses		3,363	3,783
Net assets held for sale		5,773	34,844
Current Assets	\$	95,441	\$ 137,134
Investments & other assets		13,738	13,699
†Fixed assets		25,963	30,238
Prop. under cap. leases		2,251	2,528
Total Assets	\$	137,393	\$ 183,599

Liabilities

	(000's)	1987	1986
Notes payable	\$	8,436	\$ 31,788
Long-term debt, curr.		6,460	6,815
Accts. payable & accruals		32,250	29,344
Curr. Liabilities	\$	47,146	\$ 67,947
Long-term debt		23,088	39,584
Cap. lease oblig.		2,268	2,608
Other liabilities & deferred credits		1,798	1,911
+ Preferred stock		422	562
+ Common stock		5,104	4,857
Add. paid-in capital		50,992	47,926
Retained earnings		6,575	18,204
Total Liabilities & Shareholders' Equity	\$	137,393	\$ 183,599

Manhattan Industries, Inc.

* At lower of cost or market. FIFO for apparel operations; retail method for outlet stores.
 † Less accumulated depreciation and amortization.
 ‡ \$1 par value.

Statistical Summary

Sales to Inventories	4.69	4.50
Debt to Equity	0.64	1.13
Working Capital	\$48,295,000	\$69,187,000
Current Ratio	2.02	2.02
Shareholders' Equity	\$63,093,000	\$71,549,000

Marci International Imports, Inc.

One Marci Drive
 Social Circle, Georgia 30279
 (404) 464-2200

Officers: Stanley Atkins, chairman, president & chief exec. officer; John T. Cobb, exec. v.p.; Joseph Lefkoff, secretary; Steven A. Burleson, treasurer & chief financial officer.

Directors: Stanley Atkins, chairman; John T. Cobb, Joseph Lefkoff.

Business Activities: Operates a chain of retail import stores, principally in Georgia, under the name MARCI IMPORTS. These stores offer a wide assortment of home furnishings imported mainly from the Orient, including rattan wicker and burl furniture, house accessories, solid brass and copper decorator items, hand-woven baskets, decorative vases and silk flowers.

Transfer Agent(s):
 American Stock Transfer Company
 New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MRCI (NASDAQ)

Number of Stores: (at fiscal year end)
 1986 20

Sales and Earnings

	Net Sales	Net Income
10/31/86* +	\$ 4,449,000	38,000
4/30/86	8,858,000	545,000
4/30/85	6,241,000	30,000
4/30/84 +	4,088,000	62,000
4/30/83 +	1,930,000	63,000
	No. of Com. Shares	Earn. per Share ‡
10/31/86* +	2,651,085	\$ 0.01
4/30/86	2,651,085	0.21
4/30/85	2,651,085	0.01
4/30/84 +	2,651,085	0.02
4/30/83 +	N.A.	0.02

N.A. - Not Available.

* 6 months.
 + Unaudited.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
10/31/86 +	\$ 756,077	\$ 0.29
4/30/86	717,787	0.27
4/30/85	173,069	0.07
4/30/84 +	143,316	0.05

+ Unaudited.

Income Account *

Year ended	10/31/86 (6 months)	4/30/85
Net sales	\$ 4,449,012	\$ 8,857,713
Cost of sales	2,464,753	4,911,839

Expenses:		
Administrative	1,008,331	1,696,269
Selling	885,124	1,383,165
Interest	61,968	87,376
Inc. from lease cancellation	—	(150,000)
Interest income	(46,242)	(32,811)
Other expense	—	6,598
Income before taxes	\$ 75,078	\$ 955,277
Income taxes	36,788	410,559
Net Income	\$ 38,290	\$ 544,718

* Included in Costs and Expenses, Depreciation and Amortization: \$87,938 in the six months ending 10/31/86 and \$103,797 in the year ending 4/30/86.

As of	10/31/86	4/30/86
Cash	\$ 131,222	\$ —
Accts. receiv., net	25,359	25,011
Interest receiv.	—	24,117
Note receiv. from shareholder	39,472	—
Adv. to shareholder	57,801	152,350
Refundable taxes	13,274	95,960
*Inventories	2,689,426	1,871,078
Prepaid expenses	98,446	74,369
Current Assets	\$ 3,055,000	\$ 2,242,885
Note receiv. from shareholder	157,889	—
Adv. to shareholder	—	197,361
†Fixed assets	641,573	399,591
Deposits & other assets	68,909	34,611
Total Assets	\$ 3,923,371	\$ 2,874,448
Liabilities		
Bank overdraft	\$ —	\$ 27,476
Notes payable	1,090,107	498,509
Long-term debt, curr.	57,820	65,152
Accts. payable	1,466,000	1,027,022
Accruals	96,274	55,836
Income taxes	375,398	327,037
Curr. Liabilities	\$ 3,085,599	\$ 2,001,032
Long-term debt	76,783	150,717
Deferred inc. taxes	4,912	4,912
+ Common stock	26,511	26,511
Add. paid-in capital	1,489	1,489
Retained earnings	728,077	689,787
Total Liabilities & Shareholders' Equity	\$ 3,923,371	\$ 2,874,448

* At lower of cost (FIFO) or market.
 † Less accumulated depreciation and amortization.
 ‡ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.69	10.78
%Net Income to Sales	0.86	6.15
%Net Income to Equity	5.06	75.89
Sales to Inventories	1.65	4.73
Debt to Equity	1.62	1.00
Working Capital	—	\$241,853
Current Ratio	—	1.12
Shareholders' Equity	\$756,077	\$717,787

Marks & Spencer Canada Inc.

Registered Office:
 5590 Royalmount Avenue
 Town of Mount Royal
 Quebec, H4P 1J2
 Canada
 (514) 731-7554

Executive Office:
 3770 Nashua Drive
 Mississauga, Ontario L4T 3R1
 Canada
 (416) 676-1910

Officers: The Lord Rayner, chairman; Malcolm G. Hobbs, president & chief exec. officer; Darrel A. Hayes, treasurer; P. Andre Gervais, secretary; James H. McPake, sr. exec.

Directors: Lord W. Laird, R. Andre Gervais, The Lord Rayner, Marcus Sieff, Darrel A. Hayes, Donald M. Deacon, James H. McPake, Malcolm G. Hobbs.

Areas of Work: Operates a chain of retail stores across Canada, through three divisions. Marks & Spencer Division operates a retail chain specializing in family clothing, household textiles and food specialties (all under the "St. Michael" brand). Peoples Division operates a medium to low priced junior department store chain. D'Alaird's Division operates a chain of women's apparel stores.

Transfer Agent(s):

The Canada Trust Company
 Montreal, Quebec, Canada
 Toronto, Ontario, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: MKS

Number of Stores: (at fiscal year end)

1986	243	1983	209
1985	227	1982	203
1984	213		

Sales and Earnings

	Net Sales	Net Income ‡
1985	\$ 336,274,000	\$ 9,942,000
1984	295,331,000	7,542,000
1983	276,648,000	7,646,000
1982	251,141,000	4,855,000
1981	226,324,000	4,721,000
	No. of Com. Shares †	Earn. per Share ‡ +
1985	10,575,243	\$ 0.94
1984	10,567,095	0.71
1983	10,544,372	0.73
1982	10,467,452	0.46
1981	10,460,342	0.45

‡ Including extraordinary gain of \$1,250,000 (\$0.13 per share) in 1981.

† Adjusted to reflect stock split.

+ Based on the weighted average number of shares outstanding during each year adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	\$0.20	—	—
1984	" 28	—	2-for-1
1983	0.15	—	—
1982	0.10	—	—
1981	0.10	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1985	\$ 47,474,000	\$ 4.49
1984	39,646,000	3.75
1983	35,010,000	3.32
1982	28,564,000	2.73
1981	24,722,000	2.36

‡ After allowing for preferred stock at stated value.

† Adjusted to reflect stock split.

Income Account ('000's)

Year ended Jan. 31	1986	1985
Net sales	\$ 336,274	\$ 295,331
Cost of sales & expenses	280,008	249,320
Rent expense	27,788	24,369
Depreciation & amortization	6,975	6,138

Write-down of inventory	1,000	—
Interest expense	1,722	1,912
Corp. exp.	1,194	750
Income before taxes	\$ 17,587	\$ 12,842
Income taxes	7,645	5,300
Net Income	\$ 9,942	\$ 7,542

Assets
(000's)

As of Jan. 31	1986	1985
Cash & short-term deposits	\$ 1,783	\$ 9,451
Accts receiv., net	1,181	1,036
*Inventories	59,806	60,338
Prepaid expenses & other assets	2,618	1,930
Current assets	\$ 65,388	\$ 72,755
#Fixed assets	58,871	52,565
Other assets	1,385	1,380
Total Assets	\$ 125,644	\$ 126,700

Liabilities
(000's)

Bank advances	\$ 8,320	\$ 18,483
Accts. payable	24,533	26,384
Taxes payable	3,557	137
Curr. Liabilities	\$ 36,410	\$ 45,004
Loan payable	35,000	35,000
Deferred inc. taxes	3,260	3,550
+ Preferred stock	3,500	3,500
+ + Common stock	10,165	10,165
Retained earnings	37,309	29,481

Total Liabilities & Shareholders' Equity	\$ 125,644	\$ 126,700
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* At lower of cost and net realizable value, less normal profit margin as determined by the retail method of inventory valuation.

Less accumulated depreciation and amortization.

+ No par value.

+ + No par value.

Statistical Summary

%Income bef. Taxes		
to Sales	5.23	4.35
%Net Income to Sales	2.96	2.55
%Net Income to Equity	19.50	17.48
Sales to Inventories	5.62	4.89
Working Capital	\$28,978,000	\$27,751,000
Current Ratio	1.80	1.62
Shareholders' Equity	\$50,974,000	\$43,146,000

Mars Stores, Inc.

680 Spring Street
North Dighton, Massachusetts 02764
(617) 822-1500

Officers: Paul Kwasnick, chairman, president & chief exec. officer; Matthew Tatzelbaum, vice chairman; Leonard Oppenheimer, v.p.-operations; Paul Glaser, v.p.-soft goods merchandise; David Tatzelbaum, v.p.-hard goods mdae.; Frank DeToro, v.p.-sales promotion; James M. Lynch, v.p.-finance & treasurer; Benjamin H. Lacy, clerk.

Directors: Matthew Tatzelbaum*, Samuel Katz*, Ira R. Tatzelbaum, Harvey Krentzman, Benjamin Lacy, Paul Kwasnick*, Allan M. Glick, Robert C. Hussey, Mark S. Albion, Calvin Siegal.

* Member of the Executive Committee.

Areas of Work: Operates self-service discount department stores in New England and New York, under the names of Mars Stores, Big Valley Outlets, and Gaynes Stores.

Subsidiaries:

Gaynes Department Stores, Inc.
Big Value Outlets, Inc.
Mars Leasing Co., Inc.

Transfer Agent(s):

State Street Bank & Trust Company
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MXXX (NASDAQ)

Number of Stores: (at fiscal year end)

1986	36	1983	12
1985	30	1982	7
1984	21		

Sales and Earnings

	Net Sales +	Net Income
1986*	\$ 104,191,036	\$ (2,812,495)
1985	94,568,517	870,622
1984	64,801,630	1,335,192
1983	38,114,444	762,177
1982	25,285,820	424,657

No. of Com. Shares Earn. per Share ‡

1986*	2,228,850	\$ —
1985	2,174,700	0.42
1984	1,620,250	0.81
1983	1,557,750	0.61
1982	1,076,500	0.39

(Loss).

* 53 weeks.

+ Of continuing operations only.

‡ Including extraordinary credit of \$125,000 (\$0.11 p. share) in 1982.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 11,043,117	\$ 4.95
1985	13,809,549	6.35
1984	6,975,825	4.30
1983	5,725,304	1.68
1982	2,871,868†	2.67

† After allowing for preferred stock at redemption value of \$105 per share.

Income Account *

Year ended	1/31/87	1/25/86
Net sales	\$ 104,191,036	\$ 94,568,517
Other income	1,695,721	1,661,080
Total income	\$ 105,886,757	\$ 96,229,597
Cost of sales	76,093,990	67,245,766
Expenses	30,645,874	26,663,339
Interest expense	929,074	638,659
Income (loss) bef. taxes	\$ (1,782,181)	\$ 1,681,833
Income taxes (credit)	(825,000)	550,000
In. (loss)-cont. oper.	\$ (957,181)	\$ 1,131,833
Loss-discont. oper.	(1,855,314)	(262,211)
Net Income (Loss)	\$ (2,812,495)	\$ 870,622

* Included in Costs and Expenses, Depreciation and Amortization: \$1,027,345 in 1986 and \$793,530 in 1985.

Assets

As of	1/31/87	1/25/86
Cash	\$ 949,972	\$ 242,093
*Inventories	20,443,991	21,198,435
Refundable income taxes	844,000	855,415
Other curr. assets	1,566,633	1,695,160
Current Assets	\$ 23,804,596	\$ 23,991,103
#Fixed assets	8,595,083	8,443,978
Other assets	591,533	1,130,334
Total Assets	\$ 32,991,212	\$ 33,565,415

Liabilities

Long-term debt, curr.	\$ 1,254,788	\$ 1,003,706
Cap. lease oblig., curr.	110,000	100,000
Accts. payable & accruals	9,279,020	9,771,621
Compensation & related taxes	560,229	700,728
Other taxes	259,595	386,077
State income taxes	49,638	—
Accrued for costs of discount oper.	1,037,000	—
Curr. Liabilities	\$ 12,550,270	\$ 11,962,132
Long-term debt, curr.	8,751,825	6,583,734
Cap. lease oblig.	590,000	700,000
Def. inc. taxes	56,000	510,000
+ Common stock	1,115,425	1,088,350
Add. paid-in capital	9,178,478	8,781,490
Retained earnings	1,129,714	3,942,209
Treasury stock	(2,500)	(2,500)
Loan to officer	(378,000)	—
Total Liabilities & Shareholders' Equity	\$ 32,991,212	\$ 33,565,415

* At lower of cost (FIFO) or market, determined by the retail inventory method.

Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary

%Net Income to Equity	—	6.30
Sales to Inventories	5.10	4.46
Debt to Equity	0.97	0.61
Working Capital	\$11,254,326	\$12,028,971
Current Ratio	1.90	2.01
Shareholders' Equity	\$11,043,117	\$13,809,549

Marsh Supermarkets, Inc.

P.O. Box 155
501 Depot Street
Yorktown, Indiana 47396
(317) 759-8101

Officers: William P. Givens, chairman of the board; Don E. Marsh, president & chief exec. officer; C. Alan Marsh, president & chief operating officer-Marsh Village Pantries, Inc.; William L. Marsh, v.p.-& gen. mgr.-property mgmt.; Donald M. Rix, v.p.-merchandising; Ronald R. Walicki, v.p. & gen. mgr.-supermarket division; P. Lawrence Butt, v.p., secretary & counsel; Porter Eckert v.p.-supermarket operations; Kenneth D. Kelly, v.p.-warehousing & transportation; John S. Hayford, v.p.-finance and treasurer; John W. Laboda, v.p.-Management Information Systems and Services; Ronald P. Stolz, assistant v.p.-administration; Mary B. Needler, asst. secretary & asst. treasurer; David M. Redden, v.p.-personnel; Lois A. Gross, asst. secretary; Frank J. Bryia, asst. v.p.-merchandising; Joan M. Hurley, asst. v.p.-market research; Lola M. Hale, asst. treasurer.

Directors: William P. Givens, chairman; Don E. Marsh, Estel V. Marsh, C. Alan Marsh, Garnet Marsh, Charles R. Clark, Stephen M. Huse, Durwood S. Doyle, James K. Risk, III, Jack E. Buckles.

Areas of Work: Operates Marsh supermarkets, Marsh Extra combination food and drug stores, and Village Pantry convenience stores, in Indiana and Ohio. Most of the Village Pantry stores also sell gasoline. A subsidiary, Convenience Store Distributing Company, distributes goods to the company's convenience stores as well as over 500 additional third parties.

Divisions:

Village Pantry Division
Supermarket Division
Drug Division

All at:
Yorktown, Indiana 47396
(317) 759-8101

Subsidiaries:

Mundy Realty, Inc.
Marsh Village Pantries, Inc.
Mar Properties, Inc.
Marlease, Inc.
American Guaranty Corporation

Marsh Supermarkets, Inc.

Maraines Greenery, Inc.
Micron Restaurant Equipment and Supply

All in:
Yorktown, Indiana 47396
(317) 759-8101

Convenience Store
Distributing Company

Transfer Agent(s):
The Indiana National Bank
Indianapolis, Indiana

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MARS (NASDAQ)

Number of Stores: (at fiscal year end)

	Marsh Stores	Village Pantries
1987	74	170
1986	75	175
1985	74	154
1984	74	142
1983	76	140

Sales and Earnings

	Net Sales	Net Income
1987	\$ 772,241,000	\$ 6,695,000
1986	718,506,000	6,433,000
1985	671,187,000	4,716,000
1984	638,593,000	1,624,520
1983	598,056,000	4,582,506
	No. of Com. Shares †	Earn. per Share ‡
1987	5,095,335	\$ 1.32
1986	5,004,170	1.15
1985	5,591,894	0.84
1984	5,605,544	0.29
1983	5,576,444	2.86

† Adjusted to reflect stock split.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	\$0.39	—	3-for-2
1986	0.34	—	—
1985	0.32	—	—
1984	0.32	—	—
1983	0.32	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 50,637,000	\$ 9.94
1986	45,479,000	9.09
1985	47,537,000	8.50
1984	44,337,813	7.91
1983	44,177,011	7.92

‡ Adjusted to reflect stock split.

Income Account *

Year ended	3/28/87	3/29/86
Net sales	\$ 772,241,000	\$ 718,506,000
Other income	5,925,000	5,287,000
Total income	\$ 778,166,000	\$ 723,793,000
Cost of sales	603,988,000	565,480,000
Expenses	157,343,000	143,409,000
Interest expense	5,484,000	5,535,000
Income before taxes	\$ 11,351,000	\$ 9,369,000
Income taxes	4,656,000	2,936,000
Net Income	\$ 6,695,000	\$ 6,433,000

* Included in Costs and Expenses, Depreciation and Amortization: \$9,709,000 in 1987 and \$8,953,000 in 1986.

As of	3/28/87	3/29/86
Cash & temp. invest.	\$ 5,508,000	\$ 11,543,000
Emp. benefit	762,000	1,188,000
Accts. & notes		
receiv., net	7,565,000	7,055,000
*Inventories	51,644,000	43,168,000
Prepaid expenses	984,000	1,426,000
Current Assets	\$ 66,463,000	\$ 64,380,000
#Fixed assets	78,547,000	68,248,000
Other assets	8,346,000	7,100,000
Cap. lease property	18,778,000	22,421,000
Total Assets	\$ 172,134,000	\$ 162,149,000
Liabilities		
Long-term debt & cap.		
lease oblig., curr.	\$ 5,527,000	\$ 4,359,000
Accts. payable	27,278,000	23,293,000
Accrued payroll	8,065,000	7,390,000
Dividends payable	509,000	434,000
Accts. payable &		
accruals	3,030,000	3,154,000
Taxes	4,485,000	4,538,000
Income taxes	1,374,000	616,000
Curr. Liabilities	\$ 50,268,000	\$ 43,784,000
Long-term debt	34,523,000	32,879,000
Cap. lease oblig.	21,624,000	25,713,000
Deferred inc. taxes	13,440,000	12,191,000
Other defer. items	1,642,000	2,103,000
+ Common stock	16,002,000	15,712,000
Retained earnings	43,372,000	38,648,000
Treasury stock	(7,368,000)	(8,450,000)
Deferred cost	(1,369,000)	(431,000)
Total Liabilities &	\$ 172,134,000	\$ 162,149,000
Shareholders' Equity		

* At lower of cost (LIFO & FIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes		
to Sales	1.47	1.30
%Net Income to Sales	0.87	0.90
%Net Income to Equity	13.22	14.14
Sales to Inventories	14.95	16.64
Debt to Equity	0.43	1.38
Working Capital	\$16,195,000	\$20,596,000
Current Ratio	1.32	1.47
Shareholders' Equity	\$50,637,000	\$45,479,000

The May Department Stores Company

611 Olive Street
St. Louis, Missouri 63101
(314) 342-6300

Officers: David C. Farrell, chairman & chief executive officer; Thomas A. Hays, president; Richard Battram, Lawrence E. Honig, vice chairmen; Louis J. Garr, Jr., exec. v.p. & gen. counsel; R. Dean Wolfe, exec. v.p.-real estate; Jerome T. Loeb, vice chairman & chief financial officer; John F. Danahy, Lonny J. Jay, Randall C. Barnes, Douglas J. Giles, J. Kent McHose, sr. v.p.'s; Frank J. Williams, Jr., v.p.-public affairs & counsel; Jan K. Kniffen, v.p. & treasurer; Richard A. Brickson, v.p., counsel & secretary; James Abrams, v.p.-corporate communications; Robert B. Aldridge, v.p.-shortage control and security; William M. Goddard, v.p.-risk management and insurance; James R. Bodemuller, v.p.-merchandise information systems; Frank D. Gunter, v.p.-taxes; Charles B. Luber, v.p.-real estate; Laurence M. Hellman, v.p.-merchandise research; Dennis M. Lee, v.p.-executive development; Henry A. Wagner, v.p.-EDP Systems Development; Robert L. McDowell, v.p.-corp. development; Ruth A. Streit, v.p.-compensation and benefits; Barry S. Silver, v.p.-audit; George A. Alexander, v.p.-credit; Gene E. Bauer, v.p.-executive recruiting; Michael C. Canarios, v.p.-planning & analysis; Douglas W. Dougherty, v.p.-capital planning & analysis; Mark E. Hood, v.p.-accounting & reporting; John E. White, v.p.-merchandise distribution.

Directors: Richard R. Shinn*, David C. Farrell*, John W. Hanley*, Lawrence E. Honig, Helene L. Kaplan, J.S. Webb, Edward H. Meyer, Thomas A. Hays*, Russell E. Palmer, William P. Stiritz*, Murray L. Weidenbaum*, Andrall E. Pearson, Jerome T. Loeb, Richard L. Battram, Thomas S. Carroll, Joseph H. Johnson, Paul Kolton, Martha T. Muse, Donald C. Platten*.

* Member of the Executive Committee.

Business Activities: Operates 286 department stores in 25 states; 65 Venture discount stores in large Midwestern cities; 115 Caldor discount shoe stores in the Northeast; 2,210 Volume Shoe stores in 40 states. May Centers, Inc., a wholly-owned subsidiary, operates 27 shopping centers in 9 states. Loehmann's, which features off-price women's apparel, operates 90 stores in 29 states. Also operates Eagle Stamp Company, a trading stamp company.

Divisions:

Lord & Taylor
New York, New York

J.W. Robinson's
Los Angeles, California

L.S. Ayres
Indianapolis, Indiana

Sibley's
Rochester, New York

Robinson's of Florida
St. Petersburg, Florida

May D & F
Denver, Colorado

Goldwaters
Scottsdale, Arizona

Caldor, Inc.
Norwalk, Connecticut

Loehmann's, Inc.
New York, New York

Hahne & Company
New Jersey

The M. O'Neil Company
Akron, Ohio

The Hecht Co.
Baltimore, Maryland, Washington D.C.

The May Co.
Cleveland, Ohio

May D & F
Denver, Colorado

G. Fox & Co.
Hartford, Connecticut

May-Cohens
Jacksonville, Florida

Kaufmann's
Pittsburgh, Pennsylvania

Meier & Frank Company
Portland, Oregon

Famous-Barr Co.
St. Louis, Missouri

May Co.—California
Los Angeles, California
San Diego, California

Venture Stores
May Merchandising Corporation, New York
May Centers, Inc.
May Department Stores International, Inc.
The May Design and Construction Company
Eagle Stamp Company
Volume Shoe Corporation

Acquisition(s):

Associated Dry Goods Corporation
417 Fifth Avenue
New York, New York 10016
(212) 679-8700

Operates department, discount, and specialty stores throughout the country.

Transfer Agent(s):

Centere Trust Company of St. Louis
510 Locust Street
St. Louis, Mo. 63101

Stock Exchange(s): New York, Pacific.

Ticker Symbol: MA

Number of Stores: (at fiscal year end)

1987	2,877	1984	1,584
1986	2,074	1983	1,468
1985	1,864		

Sales and Earnings x

	Revenues \$ (000's)	Net Income (000's)
1986	\$ 10,376,000	\$ 381,000
1985	9,542,000	347,000
1984	8,835,000	327,000
1983*	7,870,000	297,000
1982	6,787,000	217,000
	No. of Com. Shares #	Earn. per Share #
1986	154,800,000	\$ 2.44
1985	156,000,000	2.20
1984	155,800,000	2.10
1983*	154,200,000	1.93
1982	150,800,000	1.44

* 53 weeks.

x Restated to include operations of Associated Dry Goods Corp. acquired on a pooling of interests basis.

† Of continuing operations only; includes rental revenues.

Based on the average number of shares outstanding adjusted to reflect stock splits.

**Revenues By Line of Business
(000's)**

	1986	1985
Department stores	\$ 6,503,000	\$ 6,128,000
Discount stores	2,540,000	2,343,000
Specialty stores	1,285,000	1,019,000
Real estate	48,000	52,000
Total	\$ 10,376,000	\$ 9,542,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.02	—	2-for-1
1985	0.92	—	—
1984	0.78	—	3-for-2
1983	0.65	—	—
1982	0.60	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity x

	Total Equity (000's)	Equity Per Share ‡
1986	\$ 2,595,000	\$ 17.01
1985	2,346,000†	15.73
1984	2,095,000†	14.50
1983	1,902,000†	13.21

x Restated

† After allowing for preferred stock at par value.

‡ Adjusted to reflect stock splits.

**Income Account *
(000's)**

Year ended	1/31/87	2/1/86 ‡
Net sales and rental revenues	\$ 10,376,000	\$ 9,542,000
Cost of sales	7,533,000	6,916,000

Expenses	2,048,000	1,856,000
Interest expense	127,000	123,000
Income before taxes	\$ 668,000	\$ 647,000
Income taxes	287,000	300,000
Net Income	\$ 381,000	\$ 347,000

* Included in Costs and Expenses. Depreciation and Amortization: \$263,000,000 in 1986 and \$228,000,000 in 1985.
‡ Restated.

As of	1/31/87	2/1/86 ‡
Cash & market secur.	\$ 469,000	\$ 228,000
Accts. receiv., net	1,591,000	1,645,000
*Inventories	1,432,000	1,455,000
Other curr. assets	33,000	43,000
Current Assets	\$ 3,525,000	\$ 3,371,000
#Fixed assets	2,502,000	2,418,000
Other assets	182,000	142,000
Total Assets	\$ 6,209,000	\$ 5,931,000
	Liabilities (000's)	
Notes payable	\$ —	\$ 227,000
Long-term debt, curr.	145,000	52,000
Accounts payable	838,000	790,000
Accruals	544,000	419,000
Income taxes	77,000	354,000
Curr. Liabilities	\$ 1,604,000	\$ 1,842,000
Long-term debt & cap. lease oblig.	1,136,000	1,056,000
Def. inc. taxes	471,000	228,000
Def. invest. tax credit	62,000	70,000
Deferred comp.	167,000	137,000
Unrealized apprec.	71,000	74,000
Redeem. pref. stock	103,000	103,000
+ Preferred stock	—	75,000
+ + Common stock	153,000	122,000
Add. paid-in capital	179,000	175,000
Retained earnings	2,263,000	2,049,000
Total Liabilities & Shareholders' Equity	\$ 6,209,000	\$ 5,931,000

‡ Restated

* At lower of cost or market. Stated at LIFO cost for dept. and discount stores; all others at FIFO.

Less accumulated depreciation.

+ \$50 par value; \$4.75 cumulative convertible.

+ + \$1.00 par value.

Statistical Summary

%Income before Taxes to Sales	6.44	6.78
%Net Income to Sales	3.67	3.64
%Net Income to Equity	14.68	14.33
Sales to Inventories	7.25	6.56
Debt to Equity	0.49	0.55
Working Capital	\$1,921,000,000	\$1,529,000,000
Current Ratio	2.20	1.83
Shareholders' Equity	\$2,595,000,000	\$2,421,000,000

Mayfair Super Markets, Inc.

681 Newark Avenue
Elizabeth, New Jersey 07208
(201) 352-6400

Officers: Stanley P. Kaufelt, chairman of the board & chief executive officer; Anthony R. Petrillo, president & chief operating officer; Michael Shapiro, exec. v.p.-finance & corp. development, chief financial officer & treasurer; Richard Cantolino, v.p.-engineering; Paul Cona, v.p.-loss prevention; Jacqueline Keller, v.p.-marketing & communications; Robert Behrens, v.p.-produce; H. Anthony Kluren III, v.p.-grocery merchandising; Harry Pappes, v.p.-meat merchandising; Florence Kaufelt, secretary.

Directors: Stanley P. Kaufelt, chairman of the board; Robert Kaufelt, Jonathan Kaufelt, Michael Shapiro, Jacqueline Keller, Anthony Petrillo.

Business Activities: Operates a chain of food stores in central and northern New Jersey, all operating under the name of Foodtown.

Transfer Agent(s):

The Midlantic National Bank
Metro Park Plaza
Edison, New Jersey 08817

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MYFRA (NASDAQ)

Number of Stores: (at fiscal year end)

1986	33	1983	34
1985	32	1982	34
1984	31		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 431,591,000	\$ 6,784,000
1985	360,783,179	4,090,842
1984	323,880,880	1,214,980
1983*	341,179,875	3,134,000
1982	319,462,386	2,171,000
	No. of Com. Shares +	Earn. per Share ‡
1986	3,910,198	\$ 1.74
1985	3,895,931	1.06
1984	3,997,520	0.31
1983*	4,252,430	0.74
1982	4,595,264	0.48

* 53 weeks.

+ Based on the weighted average number of Class A and Class B common shares outstanding adjusted to reflect recapitalization and stock splits.

‡ Based on the weighted average number of Class A common shares outstanding adjusted to reflect recapitalization and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.04	—	2-for-1
1985	0.04	—	3-for-2
1984	0.03	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity ‡

	Total Equity	Equity Per Share
1986	\$ 20,441,000	\$ 5.23
1985	13,783,413	3.54
1984	9,635,539	2.41
1983	8,761,420	2.06
1982	5,547,359	1.21

‡ Based on the weighted average number of Class A and Class B common shares outstanding adjusted to reflect recapitalization and stock splits.

Income Account

Year ended	8/30/86	8/31/85
Net sales	\$ 431,591,000	\$ 360,783,179
Cost of sales	326,402,000	275,053,439
Expenses	84,611,000	71,993,408
Depreciation & amortization	5,553,000	4,643,334
Other income	(1,251,000)	(1,053,582)
Interest expense	3,105,000	2,733,377
Income before taxes	\$ 13,171,000	\$ 7,413,203
Income taxes	6,387,000	3,322,361
Net Income	\$ 6,784,000	\$ 4,090,842

Mayfair Super Markets, Inc.

As of	8/30/86	8/31/85
Cash	\$ 6,036,000	\$ 4,188,465
Short-term invest.	5,454,000	5,420,717
Accts. & notes receiv., net	1,901,000	1,117,109
*Inventories	13,269,000	10,398,768
Prepaid expenses	1,215,000	4,421,935
Current Assets	\$ 27,875,000	\$ 25,546,994
Investments	2,648,000	2,639,460
#Fixed assets	53,471,000	38,002,551
Other assets	2,255,000	3,823,276
Total Assets	\$ 86,249,000	\$ 70,012,281

Liabilities		
Notes payable	\$ 525,000	\$ —
Long-term debt, curr.	1,905,000	510,083
Cap. lease oblig., curr.	1,046,000	1,111,800
Accrs. payable & accruals	24,717,000	23,829,890
Def. inc. taxes	1,035,000	1,578,976

Curr. Liabilities	\$ 29,228,000	\$ 27,030,749
Long-term debt	11,746,000	10,539,949
Cap. lease oblig.	22,952,000	17,874,901
Deferred income taxes	1,882,000	783,269
+ Class A Common Stock	31,000	21,399
+ + Class B Common Stk.	8,000	4,082
Add. paid-in capital	746,000	2,219,728
Retained earnings	19,656,000	12,996,975
Treasury stock	—	(1,458,771)

Total Liabilities & Shareholders' Equity	\$ 86,249,000	\$ 70,012,281
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* At lower of cost (LIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$0.01 per value.
 + + \$0.01 par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	3.05	2.05
%Net Income to Sales	1.57	1.13
%Net Income to Equity	33.19	29.68
Sales to Inventories	32.53	34.69
Debt to Equity	1.87	2.18
Shareholders' Equity	\$20,441,000	\$13,783,413

J.W. Mays, Inc.

510 Fulton Street
 Brooklyn, New York 11201
 (212) 624-7400

Officers: Max L. Shulman, chairman of the board & chief executive officer; Lloyd J. Shulman, president & chief operating officer; Richard D'Amura, sr. v.p.; Alex Slobodin, exec. v.p. & treasurer; Melvin M. Kazdin, v.p.; Ward Lyke, Jr., v.p.-management information services; Salvatore Cappuzzo, secretary; Paul Greenblatt, controller, assistant secretary & asst. treasurer.

Directors: Richard D'Amura, Lloyd J. Shulman*, Frank J. Angell*, John B. King, Max L. Shulman*, Sylvia W. Shulman, Alex Slobodin*, Melvin Kazdin.

* Member of the Executive Committee.

Business Activities: Operates four department stores in New York City which sell ready-to-wear clothing for the entire family, hardgoods, domestics, jewelry and furniture.

Transfer Agent(s):
 Harris Trust Company of New York
 110 William Street
 New York, New York 10038

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MAYS (NASDAQ)

Number of Stores: (at fiscal year end)			
1986	4	1983	4
1985	4	1982	4
1984	4		

Sales and Earnings		
	Net Sales	Net Income †
1986	\$ 76,607,725	\$ (1,078,535)
1985	77,218,285	(2,563,347)
1984	80,270,504	1,631,466
1983	77,175,223	(531,734)
1982	121,520,933	(11,950,467)

	No. of Com. Shares	Earn. per Share ‡ †
1986	2,178,297	\$ —
1985	2,178,297	—
1984	2,178,297	0.75
1983	2,178,297	—
1982	2,178,297	—

(Loss)
 † Including extraordinary gain of \$390,000 (\$0.18 per share) in 1984.
 ‡ Based on the weighted average number of shares of common stock and common stock equivalents.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 12,920,191	\$ 5.93
1985	13,998,726	6.43
1984	16,562,073	7.60
1983	14,930,607	6.85
1982	15,462,341	7.10

Income Account		
Year ended July 31	1986	1985
Net sales	\$ 76,607,725	\$ 77,218,285
Other income	4,150,718	2,339,619
Total income	\$ 80,758,443	\$ 79,557,904
Cost of sales	57,634,185	57,248,527
Expenses	21,817,638	22,218,205
Depreciation & amortization	1,151,914	1,136,837
Oper. income (Loss)	\$ 154,706	\$ (1,045,665)
Interest expense	1,121,881	1,130,051
Other expenses	28,360	283,631

Income (Loss) before taxes	\$ (995,535)	\$ (2,459,347)
Income taxes	83,000	104,000
Net Loss	\$ (1,078,535)	\$ (2,563,347)

Assets		
As of July 31	1986	1985
Cash	\$ 2,474,872	\$ 2,475,044
Temp. cash invest.	153,141	152,442
Accts. receiv., net.	426,050	322,142
Prepaid taxes	17,537	17,929
*Inventories	8,417,539	8,219,516
Prepaid expenses	1,520,295	1,133,084
Real estate taxes	75,680	457,770
Current Assets	\$ 13,085,114	\$ 12,777,927
#Fixed assets	19,631,657	20,483,174
Defer. charges	1,343,063	1,425,895
Total Assets	\$ 34,059,834	\$ 34,686,996

Liabilities		
Loan payable	\$ 3,000,000	\$ —
Short-term bank loan	—	2,000,000
Long-term debt, curr.	2,387,686	2,408,499
Cap. lease oblig., curr.	111,141	164,184
Accts. payable	6,162,438	3,937,248
Customers' deposits	223,803	76,441
Accrued payroll	1,032,729	1,371,938
Inc. taxes payable	—	6,224
Misc. taxes	808,243	575,182
Curr. Liabilities	\$ 13,526,040	\$ 10,539,716

Long-term debt	6,964,532	9,367,704
Cap. lease oblig.	649,071	780,850
+ Common stock	2,178,297	2,178,297
Add. paid-in capital	3,346,245	3,346,245
Retained earnings	7,395,649	8,474,184

Total Liabilities & Shareholders' Equity	\$ 34,059,834	\$ 34,686,996
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* At lower of cost (61% net invoice cost, remainder at retail inventory method) or market.
 # Less accumulated depreciation and amortization.
 + \$1 par value.

Statistical Summary		
Sales to Inventories	9.10	9.39
Debt to Equity	1.01	1.05
Working Capital	—	\$ 2,238,211
Current Ratio	—	1.21
Shareholders' Equity	\$12,920,191	\$13,998,726

MCA INC.

100 Universal City Plaza
 Universal City, California 91608
 (818) 777-1000

445 Park Avenue
 New York, New York 10022
 (212) 759-7500

Officers: Lew R. Wasserman, chairman of the board & chief exec. officer; Sidney Jay Sheinberg, president & chief operating officer; Thomas Wertheimer, exec. v.p.; Irving Azoff, Robert B. Braswell, J. Eugene Brog, James N. Fiedler, Lawrence D. Spungin, Donald Menchel, Robert A. Harris, Stanley Newman, Gareth Hughes, Lawrence P. Fraiberg, Eugene F. Giamino, Robert D. Hadl, Peter Israel, Stuart K. Mandel, Charles S. Paul, Thomas Pollock, Jay S. Stein, Alvin Rush, v.p.; George Smith, v.p. & general tax counsel; Harold Haas, v.p., treasurer & chief financial officer; Richard E. Baker, v.p. & controller; Michael Samuel, v.p. & secretary; Richard C. Schiller, asst. secretary; Christine R. Hanson, asst. secretary; Dennis F. Dallara, asst. controller.

Directors: Lew R. Wasserman*, chairman; Sidney Jay Sheinberg*, Howard P. Allen, Mary Gardiner Jones, Thomas V. Jones, Felix G. Rohatyn, Robert S. Strauss, Thomas Wertheimer*, Howard H. Baker, Jr.

* Member of the Executive Committee.

Business Activities: Engaged in production and distribution of theatrical, nontheatrical, television and home video products; operation of a tour of the company's motion picture studio; merchandising and publishing of film properties; development of portions of the Company's Universal City real estate; manufacture and distribution of phonograph records and tapes, music publishing, retail and mail order gift merchandising, development and marketing of toy production, recreation services, and book publishing; Spencer Gifts-a retail and mail order subsidiary headquartered in Atlantic City, New Jersey, operates retail gift stores and jewelry stores and kiosks located throughout the United States and mail order gift businesses in the United States. Spencer Gifts sells a wide variety of specialty merchandise purchased from both domestic and foreign manufacturers, including notions, novelties, housewares, stationery, home decorations, cosmetics, jewelry, plus a variety of other products for home, office, personal use and gifts.

Divisions and Subsidiaries:

Universal City Studios, Inc.
 MCA Corporate Films
 MCA Records, Inc.
 Miller International Schallplatten G.m.b.H.
 Spencer Gifts, Inc.
 Nebo Versand G.m.b.H.
 Yosemite Park and Curry Co.
 The Putnam Publishing Group, Inc.
 Jove Publications, Inc.
 Coward-McCann, Inc.
 Cinema International Corporation N.V. (49% owned)
 MCA New Ventures, Inc.
 MCA Distributing Corporation

Berkley Publishing Corporation
 Duchess Music Corporation
 Leeds Music Corporation
 MCA Music Limited
 Charter Communications, Inc.
 Grosset & Dunlap, Inc.
 MCA Home Video, Inc.
 MCA Cable Services, Inc.
 MCA Artists (England) Limited
 MCA Canada Ltd.
 MCA Videodisc, Inc.
 MCA Filmes Do Brasil Ltda.
 MCA International B.V.
 MCA Television Limited
 Merchandising Corporation of America, Inc.
 Richard Marek, Publishers, Inc.
 Universal City Property Management Company
 Universal Film Exchanges, Inc.
 Universal International Films, Inc.
 Universal Pay Television, Inc.
 Universal City Consultants, Ltd.
 Walter Lantz Productions
 Yosemite Park and Curry Company
 LJN Toys, Ltd.

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
 1 New York Plaza
 New York, New York 10081

Stock Exchange(s): New York, Pacific

Ticker Symbol: MCA

Number of Stores: (at fiscal year end)

1986	542	1983	442
1985	497	1982	435
1984	454		

Sales and Earnings

	Revenues (000's)	Net Income (000's)
1986	\$ 2,441,374	\$ 155,204
1985	2,098,525	149,959
1984	1,651,242	94,937
1983	1,584,539	147,160
1982	1,586,022	176,198
	No. of Com. Shares	Earn. per Share
1986	76,718,875	\$ 2.02
1985	74,122,508	2.02
1984	72,821,877	1.30
1983	72,153,767	2.04
1982	71,595,051	2.46

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business
(000's)

	1986	1985
Filmed entertainment	\$ 1,311,192	\$ 1,168,998
Records & music	386,171	326,440
Retail & mail order	302,478	295,677
Book publishing	132,008	138,365
Toy products	208,376	77,447
Other operations	101,149	91,598
Total	\$ 2,441,374	\$ 2,098,525

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.68	—	—
1985	0.61	—	3-for-2
1984	0.59	—	—
1983	0.59	—	—
1982	0.52	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$1,582,394,000	\$ 20.88
1985	1,400,761,000	18.69

1984	1,221,935,000	16.74
1983	1,153,226,000	15.91
1982	1,022,365,000	14.29

Income Account *
(000's)

Year ended Dec. 31	1986	1985
Revenues	\$ 2,441,374	\$ 2,098,525
Cost of sales & expenses	2,230,087	1,883,468
Corp., general & admin.	14,133	14,316
Interest income	(13,582)	(14,053)
Interest expense	7,032	6,535
Income bef. taxes	\$ 203,704	\$ 208,259
Income taxes	48,500	58,300
Net Income	\$ 155,204	\$ 149,959

* Included in Costs and Expenses, Depreciation and Amortization: \$36,408,000 in 1986 and \$32,087,000 in 1985.

Assets
(000's)

As of Dec. 31	1986	1985
Cash	\$ 158,458	\$ 143,103
Receiv., net	508,540	448,072
Film cost	270,031	269,100
*Inventories	151,779	112,021
Prepaid expenses	68,024	65,723
Current Assets	\$ 1,156,832	\$ 1,038,019
#Fixed assets	325,958	298,374
Other assets	1,175,239	918,017
Total Assets	\$ 2,658,029	\$ 2,254,410

Liabilities
(000's)

Accts. payable & accruals	\$ 238,072	\$ 210,200
Accrued payroll	269,161	264,141
Income taxes	41,495	62,567
Deferred film revenues	26,286	28,849
Curr. Liabilities	\$ 575,014	\$ 565,757
Long-term debt	400,621	202,892
Deferred inc. taxes	100,000	85,000
+ Common stock	451,013	248,851
Retained earnings	1,256,886	1,154,339
Treasury stock	(125,505)	(2,429)
Total Liabilities & Shareholders' Equity	\$ 2,658,029	\$ 2,254,410

* At lower of cost (FIFO) or estimated realizable value.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Revenues	8.34	9.92
%Net Income to Revenues	6.36	7.15
%Net Income to Equity	9.81	10.71
Debt to Equity	0.25	0.14
Working Capital	\$ 581,818,000	\$ 472,262,000
Current Ratio	2.01	1.83
Shareholders' Equity	\$1,582,394,000	\$1,400,761,000

v.p.'s, Larry A. McVey, Ira H. Peterman, Harvey Rosenthal, Daniel B. Katz, Saul Rubenstein, Elliott Schwartz, vice presidents; William C. Kingsford, v.p. & controller; James A. Marcum, treasurer; Arthur V. Richards, secretary & gen. attorney; Richard T. O'Connell, Jr., asst. secretary & asst. gen. attorney; Raymond R. Moore, asst. secretary; James E. Alward, Roger E. Haggerty, Michael B. Bega, asst. treasurers.

Directors: Stanley P. Goldstein*, chairman; Francis C. Rooney, Jr.*, John G. Creedon, M. Cabell Woodward, Jr.*, Robert McDonald, Frank Melville, Kenneth K. Berland*, Robert C. Kuhn, Hyman L. Battle Jr., Donald F. McCullough, James W. McKee, Jr., Louis V. Gerstner, Jr.*

* Member of the Executive Committee.

Business Activities: Operates shoe stores under the names of Thom McAn, Open Country and Pimento; leased self-service shoe departments (Meldisco) with units located primarily in K-Mart stores; Marshalls, a retail chain that sells brand name apparel for men, women and children; Chess King, a men's apparel specialty merchandising chain concentrating on the 14-to-22 year old market, and Wilsons, a retailer of leather apparel for men and women. Operates drug, health and beauty aid specialty stores under the names Consumer Value Stores (CVS) and Freddy's. Operates Kay-Bee Toy and Hobby shop. Operates home furnishings stores through Linens 'n Things, which retails brand name linens and towels; This End Up Furniture Company, which retails popular priced casual furniture; and Prints Plus, which retails prints and posters.

Divisions and Subsidiaries:

Thom McAn Shoe Company
 67 Millbrook Street
 Worcester, Massachusetts 01606

Melville Realty Company, Inc.
 3000 Westchester Avenue
 Harrison, New York 10528

Meldisco
 933 Macarthur Boulevard
 Mahwah, New Jersey 07430

Kay-Bee Toy & Hobby Shops, Inc.
 Route 102
 Lee, Massachusetts 01238

Open Country
 67 Millbrook Street
 Worcester, Massachusetts 01606

Consumer Value Stores
 One CVS Drive
 Woonsocket, Rhode Island 02895

Marshalls, Inc.
 30 Harvard Mill Square
 Wakefield, Massachusetts 01880

Chess King
 350 Fifth Avenue
 New York, New York 10118

Melville (Europe) Purchasing Ltd.
 69, V.le F.lli Rosselli
 Florence, 50144, Italy

Pimento
 Continental Plaza
 433 Hackensack Avenue
 Hackensack, New Jersey 07601

Wilson's House of Suede, Inc.
 11840 Olympic Boulevard
 Los Angeles, California 90064

Linens 'n Things, Inc.
 6 Brighton Road
 Clifton, New Jersey 07015

FNS Sales, Inc. (Freddy's)
 90 Commerce Drive
 Rochester, New York 14623

This End Up Furniture Company
 1309 Exchange Alley
 Richmond, Virginia 23219

Prints Plus, Inc.
 827 Arnold Drive
 Suite 220
 Martinez, California 94553

Melville Corporation

3000 Westchester Avenue
 Harrison, New York 10528
 (914) 253-8000

Officers: Stanley P. Goldstein, chairman of the board, president & chief executive officer; Kenneth K. Berland, vice chairman; Robert C. Kuhn, Michael Friedheim, executive

Melville Corporation

Transfer Agent(s):

Manufacturers Hanover Trust Company
Stock Transfer Department
450 West 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: MES

Number of Stores: (at fiscal year end)

	Leased shoe dept's.	Apparel
1986	2,094	973
1985	2,062	911
1984	2,055	1,575
1983	2,042	1,482
1982	2,002	1,336
	Shoe stores	Health & beauty
1986	1,129	640
1985	1,150	599
1984	1,193	555
1983	1,254	513
1982	1,317	466
	Toy & hobby	Household furnishings
1986	639	358
1985	584	268
1984	533	—
1983	456	—
1982	361	—

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	\$ 5,262,364	\$ 238,332
1985	4,774,860	210,812
1984	4,261,627	190,386
1983	3,747,187	176,260
1982	3,082,419	142,124
	No. of Com. Shares	Earn. per Share ‡
1986	54,232,994	\$ 4.40
1985	54,049,995	3.90
1984	52,857,882	3.60
1983	52,455,556	3.36
1982	52,099,964	2.73

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Footwear	\$1,532,850	29.1%	\$1,506,243	31.5%
Health & beauty aids	1,248,605	23.7	1,059,638	22.2
Apparel	1,756,660	33.4	1,614,026	33.8
Toys	724,249	13.8	594,953	12.5
Total	\$5,262,364	100.0%	\$4,774,860	100.0%

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$1.56	—	—
1985	1.44	—	—
1984	1.32	—	—
1983	1.09	—	2-for-1
1982	1.05	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$1,263,004,318	\$ 23.29
1985	1,102,204,881	20.39

1984	954,778,185	18.06
1983	828,040,880	15.79
1982	701,425,016	13.46

‡ Adjusted to reflect stock split.

Income Account

Year ended Dec. 31	1986	1985
Net sales	\$5,262,364,161	\$4,774,860,072
Cost of sales	3,141,071,010	2,857,328,688
Expenses	1,573,726,471	1,408,929,594
Depreciation & amortization	64,071,451	59,605,837
Interest expense (income)	(86,107)	6,315,365
Other expense	3,618,761	3,463,641
Income before taxes	\$ 479,962,575	\$ 439,156,947
Income taxes	193,877,000	171,376,000
Minority interest	47,753,410	47,969,340
Inc.-cont. oper.	\$ 238,332,165	\$ 219,811,607
Loss-discont. oper.	—	(8,999,670)
Net Income	\$ 238,332,165	\$ 210,811,937

As of Dec. 31	1986	1985
Cash	\$ 326,780,596	\$ 304,671,414
Accts. receiv., net	78,830,774	63,601,919
*Inventories	904,548,108	807,569,726
Prepaid expenses	41,284,858	28,730,406
Current Assets	\$1,351,444,336	\$1,204,573,465
Prop. leased under cap. leases	38,527,575	37,493,948
*Fixed assets	471,649,971	424,085,347
Defer. charges & other assets	13,400,035	13,151,850
Intangibles	123,759,799	127,368,560
Total Assets	\$1,998,781,716	\$1,806,673,170

	1986	1985
Long-term debt, curr.	\$ 3,012,202	\$ 24,344,453
Cap. lease oblig., curr.	2,933,716	2,612,167
Accts. payable & accruals	456,658,752	399,904,530
Income taxes	71,981,626	66,080,919
Curr. Liabilities	\$ 534,586,296	\$ 492,942,069
Long-term debt	15,833,972	40,509,201
Cap. lease oblig.	49,541,432	48,017,155
Lease oblig.	117,403	167,691
Minority interest	85,006,693	83,362,616
Deferred inc. taxes	48,308,902	36,768,557
+ Redeem. pref. stock	2,382,700	2,701,000
+ + Common stock	54,232,994	54,049,995
Add. paid-in capital	40,362,923	33,494,227
Retained earnings	1,168,408,401	1,014,660,659
Total Liabilities & Shareholders' Equity	\$1,998,781,716	\$1,806,673,170

* At lower of cost or market.

‡ Less accumulated depreciation and amortization.

+ \$100 par value; Series B.

+ + \$1 par value.

Statistical Summary

%Income bef. Taxes	9.12	—
Sales	4.53	—
%Net Income to Sales	18.87	19.13
%Net Income to Equity	5.82	5.91
Sales to Inventories	0.01	0.10
Debt to Equity	\$ 816,858,040	\$ 711,631,396
Working Capital	2.53	2.44
Current Ratio	\$1,263,004,318	\$1,102,204,881
Shareholders' Equity		

Mercantile Stores Company, Inc.

1100 North Market Street
Wilmington, Delaware 19801
(302) 655-4011

Officers: Leon F. Winbiger, chairman of the board; James C. Lovell, pres.; Harold W. Jockers, chairman of the exc. committee; William A. Heineman, v.p. & treasurer; Leroy J. Sheldon, Edward J. Sharkey, v.p.'s; William A. Carr, controller; Dennis F. Murphy, secretary.

Directors: John A. Herdeg, Harold W. Jockers*, James C. Lovell*, Gerrish H. Milliken, Minot K. Milliken*, Roger Milliken*, George S. Moore, Edward J. Sharkey, Leon F. Winbiger*, Rene C. McPherson, Francis G. Rodgers.

* Member of the Executive Committee.

Business Activities: Operates 13 chains of general merchandise department stores, as well as 20 free-standing beauty salons.

Divisions:

Bacon
Louisville Kentucky

Castner Knott Co.
Nashville, Tennessee

de Lendrecie's
Fargo, North Dakota

Gayfers
Mobile, Alabama

Glass Block
Duluth, Minnesota

Hennessy's
Billings, Montana

The Jones Store Co.
Kansas City, Missouri

Joslin
Denver, Colorado

Lion
Toledo, Ohio

McAlpin's
Cincinnati, Ohio

The Right House
St. Catharines, Ontario, Canada

Root's
Terre Haute, Indiana

J.B. White
Augusta, Georgia
Columbia, South Carolina

Subsidiaries:

Mercantile Stores Company, (N.Y.)
128 West 31st Street
New York, New York 10001
Central buying and administrative offices.

Transfer Agent(s):

Harris Trust Company of New York
110 William Street
New York, New York 10038

Stock Exchange(s): New York

Ticker Symbol: MST

Number of Stores: (at fiscal year end)

1987	82	1984	77
1986	80	1983	84
1985	78		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1987	\$ 2,028,202	\$ 111,065
1986	1,880,039	102,448
1985	1,706,904	84,769
1984	1,625,958	83,222
1983	1,428,385	69,941

	No. of Com. Shares †	Earn. per Share
1987	14,754,990	\$ 7.54
1986	14,738,294	6.95
1985	14,754,990	5.75
1984	14,738,294	5.65
1983	14,739,090	4.75

† Adjusted to reflect stock split.

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$1.45	—	—
1986	1.27½	—	—
1985	1.15	—	—
1984	1.00	—	2½-for-1
1983	0.60	—	—

† Adjusted to reflect stock split.

	Total Equity (000's)	Equity Per Share †
1987	\$ 767,728	\$ 52.03
1986	678,034	46.00
1985	594,377	40.33
1984	526,558	35.73
1983	458,123	31.08

† Adjusted to reflect stock split.

	1987	1986
Net sales	\$ 2,028,202	\$ 1,880,039
Cost of sales	1,377,763	1,279,199
Expenses	413,845	385,654
Interest expense	20,394	18,738
Income before taxes	\$ 216,200	\$ 196,448
Income taxes	105,135	94,000
Net Income	\$ 111,065	\$ 102,448

* Included in Costs and Expenses, Depreciation: \$46,833,000 in 1987 and \$43,267,000 in 1986.

	1987	1986
Cash	\$ 98,506	\$ 67,494
Receiv., net	16,571	17,747
Due from Merco Finance Corp.	510,850	477,176
*Inventories	306,516	281,446
Prepaid expenses	4,123	4,202
Current Assets	\$ 936,566	\$ 848,065
Investments	12,843	16,009
Equity & advance to Merco Finance Corp.	18,165	17,119
*Fixed assets	294,846	270,035
Total Assets	\$ 1,262,420	\$ 1,151,228

	1987	1986
Long-term debt, curr.	\$ 6,453	\$ 7,434
Accts. payable	64,410	59,234
Accruals	115,526	103,268
Income taxes	11,644	67,168
Curr. Liabilities	\$ 198,033	\$ 237,104
Long-term debt	19,460	211,224
Due to affil. cos.	205,786	8,601
Deferred inc. taxes	71,413	16,265
+ Common stock	5,404	5,404
Add. paid-in capital	6,096	6,096
Retained earnings	756,228	666,534
Total Liabilities & Shareholders' Equity	\$ 1,262,420	\$ 1,151,228

* At LIPO which is lower than market.
† Less accumulated depreciation.
+ \$0.91½ par value.

	1987	1986
%Income bef. Taxes to Sales	10.66	10.45
%Net Income to Sales	5.48	5.45
%Net Income to Equity	14.47	15.11
Sales to Inventories	6.62	6.68
Debt to Equity	0.27	0.37
Working Capital	\$738,533,000	\$610,961,000
Current Ratio	4.73	3.58
Shareholders' Equity	\$767,728,000	\$678,034,000

Merry-Go-Round Enterprises, Inc.

1220 East Joppa Road
Towson, Maryland 21204
(301) 828-1000

Officers: Harold Goldsmith, chairman; Michael D. Sullivan, president and chief executive officer; Isaac Kaufman, senior vice president, chief financial officer, secretary and treasurer; Robert L. Heyman, vice president-warehousing; George E. Kucin, vice president-merchandising; Paul D. Levine, vice president-store operations; Stuart M. Lucas, vice president-merchandising; Frank C. Peters, vice president and controller; Marvin S. Rice, vice president-store design and construction; Ken Rodriguez, vice president-merchandising; Wayne J. Schuchart, vice president-management information systems; Barrie R. Wood, vice president-real estate; Michael W. DuPlantis, Gary W. Gillan, Robert B. Simon, Joseph A. Solek, Joseph R. VanderPluym, regional vice presidents; Josephine Billings, Myrna Villanueva, assistant controllers.

Directors: Harold Goldsmith, chairman; Leonard Weinglass, Michael D. Sullivan, John F. Ireton, Thomas J. Byrne, Jr., Robert B. Bank.

Business Activities: The company is a major national specialty retailer of contemporary fashions for young men and women, with 388 stores in 32 states and the District of Columbia. The company's contemporary fashions appeal to a broad consumer base that ranges in age from 4 to 40 years.

Subsidiaries:
DJ's-Fashion Center for Men
Signal
Merry-Go-Round KIDS

Transfer Agent(s):
Maryland National Bank
Baltimore, Maryland

Stock Exchange(s): Over-the-Counter

Ticker Symbol: MGRE (NASDAQ)

Number of Stores: (at fiscal year end)

	1987	1986	1985
1987	388	388	223
1986	334	334	194
1985	272	272	194

	Net Sales	Net Income
1987	\$ 2,028,202	\$ 7,485,000
1986	1,641,199	7,285,000
1985	1,580,088	9,825,000
1984	1,117,844	7,269,000
1983	755,507	3,502,000

	No. of Com. Shares †	Earn. per Share ‡*
1987	6,354,000	\$ 1.18
1986	6,354,000	1.15
1985	6,330,000	1.55
1984	6,108,000	1.19
1983	6,000,000	0.58

‡ Based on the weighted average number of common shares outstanding.
* Pro forma.

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	—
1985	—	—	3-for-2

	Total Equity	Equity Per Share
1987	\$ 42,484,000	\$ 6.69
1986	34,963,000	5.50
1985	27,642,000	4.34
1984	17,597,000	2.76
1983	18,866,000	3.14

	1/31/87	2/1/86
Net sales	\$ 207,483	\$ 164,119
Cost of sales	142,302	110,657
Expenses	49,863	39,779
Interest exp.	654	230
Income before taxes	\$ 14,664	\$ 13,453
Income taxes	7,179	6,168
Net Income	\$ 7,485	\$ 7,285

* Included in Costs and Expenses, Depreciation and Amortization: \$6,466,000 in 1987 and \$4,433,000 in 1986.

	1/31/87	2/1/86
Cash	\$ 3,146	\$ 3,277
Marketable securities	658	3,977
Accts. receiv., net	1,185	851
*Inventories	23,235	15,117
Prepaid expenses	2,545	3,195
Current Assets	\$ 30,769	\$ 26,417
*Fixed assets	38,959	29,161
Leasehold interest in prop. & equip.	2,127	2,417
Other assets	676	630
Total Assets	\$ 72,531	\$ 58,625

	1/31/87	2/1/86
Long-term debt & cap. lease oblig., curr.	\$ 288	\$ 260
Accts. payable	18,126	14,777
Accruals	4,896	3,580
Income taxes	2,386	1,179
Curr. Liabilities	\$ 25,696	\$ 19,796
Cap. lease oblig.	2,703	2,991
Other liabilities	1,648	875
+ Common stock	64	64
Add. paid-in capital	964	964
Retained earnings	42,092	34,607
Subscrip. receiv.	(636)	(672)
Total Liabilities & Shareholders' Equity	\$ 72,531	\$ 58,625

* At lower of cost (FIFO) or market.
† Less accumulated depreciation and amortization.
+ \$0.01 par value.

	1987	1986
%Income bef. Taxes to Sales	7.07	8.20
%Net Income to Sales	3.61	4.44
%Net Income to Equity	17.62	20.84
Sales to Inventories	8.93	10.86
Debt to Equity	0.06	0.09
Working Capital	\$ 5,073,000	\$ 6,621,000
Current Ratio	1.20	1.33
Shareholders' Equity	\$42,484,000	\$34,963,000

J. Michaels, Inc.

J. Michaels, Inc.

182 Smith Street
Brooklyn, New York 11201
(718) 852-6100

Officers: James Michaels, president; Francis Mavica, Edward P. Sullivan, executive v.p.'s; Bernard Seidler, Maxwell Karmel, v.p.'s; Melvin Feinbold, secretary/treasurer.

Directors: James Michaels, Francis Mavica, Edward P. Sullivan, Maxwell Karmel, Melvin Feinbold.

Business Activities: Operates six retail stores which sell furniture, bedding, floor coverings, television sets, stereo equipment and major appliances in the Brooklyn and Buffalo, New York areas.

Transfer Agent(s):

American Transfer Company
New York, New York

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1986 6

Sales and Earnings

	Net Sales †	Net Income
1986	\$ 11,411,464	\$ 942,524
1985	11,997,526	1,061,088
1984	12,150,193	1,001,467
1983	11,027,096	783,559
1982	10,528,009	156,188

	No. of Com. Shares ‡	Earn. per Share ‡
1986	876,282	\$ 1.08
1985	877,244	1.21
1984	877,244	1.14
1983	878,982	0.89
1982	876,282	—

† Of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.30	—	—
1985	0.27	—	—
1984	0.24	—	3-for-2
1983	0.21	—	—
1982	0.21	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 11,522,744	\$ 13.15
1985	10,843,105	12.36
1984	10,037,074	11.44
1983	9,246,694	10.54
1982	8,650,655	9.86

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1986	1985
Mar. 31		
Net sales	\$ 9,738,332	\$ 10,335,917
Other income	1,673,132	1,661,609
Total income	\$ 11,411,464	\$ 11,997,526
Cost of sales	4,209,971	4,487,487
Expenses	4,869,000	4,893,364
Bad debt expense	634,548	634,176
Depreciation & amortization	121,972	127,067
Interest expense	79,163	80,765

Interest income	(401,772)	(266,315)
Other income	(135,942)	(218,199)

Income before taxes	\$ 2,034,524	\$ 2,259,181
Income taxes	1,092,000	1,128,000

Income from cont. oper.	\$ 942,524	\$ 1,131,181
Loss from discont. oper.	—	(70,093)

Net Income	\$ 942,524	\$ 1,061,088
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As of Mar. 31	1986	1985
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Cash	\$ 801,564	\$ 605,197
Short-term invest.	4,959,406	4,272,207
Notes receiv.	52,500	67,500
Accts. receiv., net	7,849,390	7,871,295
Refundable taxes	—	394,777
*Inventories	1,184,473	1,609,946
Prepaid expenses	150,521	118,263

Current Assets	\$ 14,997,854	\$ 14,939,185
#Fixed assets	1,346,546	1,357,404
Other assets	21,516	25,258

Total Assets	\$ 16,365,916	\$ 16,321,847
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Liabilities

Long-term debt, curr.	\$ 10,393	\$ 85,000
Accts. payable	370,476	432,209
Accrued payroll	249,302	288,607
Accrued taxes	54,588	50,589
Accrued interest	10,000	14,400
Other accruals	45,106	218,008
Income taxes	3,416,930	3,600,676

Curr. Liabilities	\$ 4,156,795	\$ 4,689,489
Long-term debt	660,700	763,576
Deferred inc. taxes	25,677	25,677
+ Common stock	1,105,369	1,105,369
Add. paid-in capital	1,025,224	1,025,224
Retained earnings	9,621,238	8,941,599
Treasury stock	(229,087)	(229,087)

Total Liabilities & Shareholders' Equity	\$ 16,365,916	\$ 16,321,847
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* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	20.89	—
%Net Income to Sales	9.68	—
%Net Income to Equity	8.18	9.79
Sales to Inventories	8.22	6.42
Debt to Equity	0.06	0.08
Working Capital	\$10,841,059	\$10,249,696
Current Ratio	3.61	3.19
Shareholders' Equity	\$11,522,744	\$10,843,105

Michaels Stores, Inc.

5931 Campus Circle Drive
Las Colinas Business Park
Irving, Texas 75063
(214) 580-8242

Mailing address:

P.O. Box 612566
DFW, Texas 75162-2566

Officers: Sam Wyly, chairman of the board; Charles J. Wyly, Jr., vice chairman; B.B. Tuley, president & chief executive officer; R. Richard Fontaine, sr. v.p.-marketing; James R. Kelly, sr. v.p.-operations; J. Eugene Stubbs, sr. v.p.-finance & administration & chief financial officer; Joel H. Mathis, v.p.-administration & secretary; Sa Yau, v.p.-finance & treasurer.

Directors: Sam Wyly, chairman of the board; Charles J. Wyly, Jr., William O. Hunt, Donald G. Thomson, B.B. Tuley.

Business Activities: Operates a chain of 54 specialty retail stores in 12 states. These stores feature creative products for the home, including picture framing materials and services, silk and dried flowers and related floral items, needlework and other arts and crafts items, greeting cards and party supplies, hobby kits and related supplies.

Transfer Agent(s):

Texas American Bank/Dallas
Dallas, Texas

Stock Exchange(s): American

Ticker Symbol: MKE

Number of Stores: (at fiscal year end)

1986	51	1983	10
1985	41	1982	12
1984	33		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 115,904,000	\$ 3,336,000
1985	76,197,000	1,484,000
1984	46,386,000	(25,000)

	No. of Com. Shares ‡	Earn. per Share ‡
1986	9,605,000	\$ 0.35
1985	7,897,000	0.19
1984	5,972,000	—

(Loss)

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 28,227,000	\$ 2.94
1985	23,598,000	2.99
1984	10,802,000	1.81

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	2/1/87	12/29/85
Net sales	\$ 115,904	\$ 76,197
Cost of sales	77,552	54,374
Expenses	30,365	18,627
Interest expense	1,603	1,203
Interest income	(257)	(766)
Income before taxes	\$ 6,641	\$ 2,759
Income taxes	3,305	1,275
Net Income	\$ 3,336	\$ 1,484

* Included in Costs and Expenses, Depreciation and Amortization: \$1,797,000 in 1986 and \$1,022,000 in 1985.

Assets (000's)

As of	2/1/87	12/29/85
Cash	\$ 11,662	\$ 3,083
Accts. receiv., net	409	316
Refundable taxes	—	972
*Inventories	25,798	16,071
Prepaid expenses	1,009	315
Current Assets	\$ 38,878	\$ 20,757
#Fixed assets	8,892	6,789
Other assets	196	35
Intangibles	12,770	13,712
Total Assets	\$ 60,736	\$ 41,293

Liabilities (000's)

Long-term debt, curr.	\$ 445	\$ 2,097
Accts. payable	5,122	2,268

Accruals	5,657	3,973
Income taxes	272	—
Curr. Liabilities	\$ 11,496	\$ 8,338
Long-term debt	19,923	9,339
Deferred inc. taxes	1,090	18
+ Common stock	958	933
Add. paid-in capital	21,164	19,188
Retained earnings	7,061	3,724
Notes receiv. from officers	(709)	—
Treasury stock	(247)	(247)
Total Liabilities & Shareholders' Equity	\$ 60,736	\$ 41,293

* At lower of cost (average) or market.
 † Less accumulated depreciation and amortization.
 + \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.73	3.62
%Net Income to Sales	2.88	1.95
%Net Income to Equity	11.82	6.29
Sales to Inventories	4.49	4.74
Debt to Equity	0.72	0.48
Working Capital	\$27,382,000	\$12,419,000
Current Ratio	3.38	2.49
Shareholders' Equity	\$28,227,000	\$23,598,000

Michigan General Corporation

Park West 80, Plaza One
 Saddle Brook, New Jersey 07662
 (201) 368-1212

Officers: Charles E. Kuhn, chairman of the board; Marshall S. Cogan, Stephen C. Swid, co-vice chairmen; Rocco A. Barbieri, president & chief exec. officer; Paul L. Barrett, v.p., secretary & general counsel; Peter S. Dye, v.p. & chief financial officer; Frederick Marcus, v.p.; George F. Kerkhove, controller; Frank Murtagh, treasurer; Richard Frontman, pres.-Savannah Wholesale Company; Harlon Seats, pres.-Diamond Lumber, Inc.

Directors: Lee Hazen, Charles E. Kuhn, Rocco A. Barbieri, Marshall S. Cogan, Bernard E. Knight, Stephen C. Swid, E. Alan Brumberger, Frederick Marcus.

Business Activities: Engaged in the retail sale of homebuilding products through its 95 Diamond Lumber homebuilding supply centers; operates 116 discount retail clothing stores, under the name Allied Department Stores in the southeastern U.S.; also engaged in the manufacture and sale of windows and doors for the homebuilding industry through its Krestmark subsidiaries, and in providing technology manpower and engineering services through Applied Consulting & Technical Services, Inc.

Divisions & Subsidiaries:

Retail and Related
 Savannah Wholesale Company
 102 Fahm Street
 Savannah, Georgia 31402

Operates 116 discount retail clothing stores under the name Allied Department Stores, in the southeastern U.S.

Diamond Lumber, Inc.
 Carrollton, Texas

Operates 95 Diamond Lumber homebuilding supply centers offering a broad line of lumber and wallboard in 14 states throughout the U.S.

Transfer Agent(s):

RepublicBank Dallas, N.A.
 P.O. Box 2964
 Dallas, Texas 75221

Stock Exchange(s): American

Ticker Symbol: MGL

Number of Stores: (at fiscal year end)

1985	211	1982	69
1984	104	1981	71
1983	74		

Sales and Earnings

	Net Sales †	Net Income #
1985	\$ 439,028,000	\$ (34,597,000)
1984	449,388,000	5,816,000
1983	192,032,000	(990,000)
1982	87,211,000	(8,089,000)
1981	72,844,000	835,000
	No. of Com. Shares	Earn. per Share + #
1985	11,347,000	\$ —
1984	11,336,000	0.50
1983	11,055,000	—
1982	4,021,000	—
1981	4,020,000	0.13

(Loss)

† Of continuing operations only.

Including extraordinary gains of \$932,000 (\$0.08 per share) in 1984, \$2,725,000 (\$0.68 per share) in 1982, \$1,278,000 (\$0.31 per share) in 1981 and extraordinary loss of \$3,617,000 (\$0.53 per share) in 1983.

Revenues By Line of Business (000's)

	1985	1984
Retail:		
Homebuilding prods.	\$ 326,226	\$ 329,973
Clothing	46,787	47,240
Manufacturing:		
Homebuilding prods.	46,639	53,425
Services:		
High tech. manpower & eng.	19,376	18,750
Total	\$ 439,028	\$ 449,388

Common Stock Equity

	Total Equity ‡	Equity Per Share
1985	\$ 31,384,525	\$ 2.77
1984	66,053,025	5.83
1983	60,844,175	5.50
1982	4,831,675	1.20
1981	13,391,025	3.33

‡ After allowing for preferred stock at redemption value.

Income Account * (000's)

Year ended Dec. 31	1985	1984
Net sales	\$ 439,028	\$ 449,388
Cost of sales	341,969	342,395
Expenses	107,822	86,376
Interest expense	17,875	16,483
Interest income	(292)	(1,412)
Other income	(853)	(1,141)
Inc. (loss) bef. taxes	\$ (27,493)	\$ 6,687
Income taxes (credit)	(970)	2,421
Inc. (loss) -cont. oper.	\$ (26,523)	\$ 4,266
Inc. (loss) -disc. oper.	(8,074)	618
Net Income (Loss)	\$ (34,597)	\$ 4,884
Extraord. items	—	932
Net Income (Loss) & extraord. items	\$ (34,597)	\$ 5,816

* Included in Costs and Expenses, Depreciation and Amortization: \$9,015,000 in 1985 and \$7,312,000 in 1984.

Assets (000's)

As of Dec. 31	1985	1984
Cash	\$ 766	\$ 929
Receiv., net	40,637	47,817
*Inventories	65,719	63,307
Prepaid expenses	692	577
Current Assets	\$ 107,814	\$ 112,630

#Fixed assets	79,374	81,349
Other assets	15,790	24,562
Total Assets	\$ 202,978	\$ 218,541

Liabilities (000's)

Long-term debt, curr.	\$ 968	\$ 1,198
Credit facilities	45,109	22,272
Accts. payable	19,635	23,272
Accruals	10,930	11,509
Deferred inc. taxes	—	581
Curr. Liabilities	\$ 76,642	\$ 59,232
Long-term debt	91,406	91,134
Deferred inc. taxes	—	844
Other liabilities	2,471	189
+ Preferred stock	1,074	1,089
+ + Common stock	11,347	11,336
Add. paid-in capital	63,702	63,674
Retained earnings (deficit)	(43,664)	(8,957)
Total Liabilities & Shareholders' Equity	\$ 202,978	\$ 218,541

* At FIFO not in excess of realizable value.
 # Less accumulated depreciation and amortization.
 + \$1 par value; \$2.50 dividend, convertible.
 + + \$1 par value.

Statistical Summary

%Net Income to Equity	—	7.27
Sales to Inventories	6.68	7.10
Debt to Equity	2.85	1.38
Working Capital	\$31,172,000	\$53,398,000
Current Ratio	1.41	1.90
Shareholders' Equity	\$32,459,000	\$67,142,000

Mobil Corporation

150 East 42nd Street
 New York, New York 10017
 (212) 883-4242

Officers: Allen E. Murray, chairman, president & chief exec. officer; James Q. Riordan, Richard F. Tucker, vice chairman; Rex D. Adams; Andrew L. Gaborian; Lucio A. Noto, Herbert Schmertz, Robert G. Weeks, vice presidents; R. Hartwell Gardner, treasurer; Susan R. Csia, secretary; Philip W. Matos, controller; J. Edward Fowler, general counsel.

Directors: Walter A. Bork, Lewis M. Branscomb, Alan Greenspan, Paul J. Hoenmans, Samuel C. Johnson, William J. Kennedy, III, Jewel S. Lafontant, Walter E. Mac Donald, Lee L. Morgan, Allen E. Murray, Anthony J. F. O'Reilly, Eugene A. Renna, James Q. Riordan, Herbert Schmertz, Robert G. Schwartz, William W. Scranton, Eleanor B. Sheldon, William P. Tavoulareas, Richard F. Tucker.

Business Activities: Mobil is a producer of crude oil, natural gas, and petrochemicals. Its retail operations are carried out through its subsidiary Montgomery Ward, which operates a chain of 295 retail stores, including 43 specialty stores. The Company also operates 25 liquidation centers which sell overstock merchandise.

Subsidiaries:

Montgomery Ward & Co., Incorporated
 Mobil Oil Corporation
 Mobil Oil Credit Corporation
 Mobil Chemical Company

Transfer Agent(s):

The Chase Manhattan Bank, N.A.
 1 New York Plaza
 New York, New York 10081

The Canada Trust Company
 110 Yonge at Adelaide
 Toronto, Ontario M5S 1T4
 Canada

505 Third Street, S.W.
 Calgary, Alberta T2P 348
 Canada

Mobil Corporation

Stock Exchange(s): New York, Boston, Cincinnati, Midwest, Pacific, Philadelphia, Toronto

Ticker Symbol: MOB

Number of Retail Outlets:

1986	320	1983	576
1985	N.A.	1982	599
1984	589		

N.A. — Not Available.

Sales and Earnings

	Revenues	Net Income
1986	\$ 49,865,000,000	\$ 1,407,000,000
1985	60,609,000,000	1,040,000,000
1984	60,474,000,000	1,268,800,000
1983	58,998,000,000	1,503,000,000
1982	64,108,000,000	1,213,000,000

	No. of Com. Shares	Earn. per Share ‡
1986	408,732,000	\$ 3.45
1985	408,351,000	2.55
1984	407,704,000	3.11
1983	406,818,000	3.70
1982	406,146,000	2.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1986	1985
Petroleum operations	\$ 42,173,000	\$ 51,638,000
Chemical	2,553,000	2,457,000
Retail merchandising	5,065,000	6,073,000
Eliminations	74,000	441,000
Total	\$ 49,865,000	\$ 60,609,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.20	—	—
1985	2.20	—	—
1984	2.20	—	—
1983	2.00	—	—
1982	2.00	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$15,239,000,000	\$ 37.28
1985	14,089,000,000	34.50
1984	13,624,000,000	33.42
1983	13,952,000,000	34.30
1982	13,807,000,000	34.00

Income Account (000's)

Year ended Dec. 31	1986	1985
Sales & services	\$ 48,706,000	\$ 59,458,000
Other income	1,159,000	1,151,000
Total revenues	\$ 49,865,000	\$ 60,609,000
Costs & expenses	33,895,000	43,823,000
Depreciation, depletion & amortization	2,471,000	2,388,000
Prov. for Montgomery Ward restruct.	—	775,000
Interest expense	1,204	1,411,000
Income before taxes	\$ 12,295,000	\$ 12,212,000
Income taxes	9,302,000	7,903,000
Other taxes	1,586,000	3,269,000
Net Income	\$ 1,407,000	\$ 1,040,000

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 341,000	\$ 593,000
Marketable securities	1,241,000	953,000

Accts. receiv., net	3,949,000	4,930,000
*Inventories	4,555,000	4,902,000
Prepaid expenses	783,000	1,152,000

Current Assets	\$ 10,869,000	\$ 12,530,000
Investments	3,713,000	3,193,000
#Fixed assets	24,304,000	25,408,000
Defer. charges	526,000	621,000

Total Assets	\$ 39,412,000	\$ 41,752,000
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Liabilities (000's)

Notes payable	\$ 800,000	\$ 750,000
Long-term debt & cap. lease oblig., curr.	242,000	648,000
Accts. payable & accruals	6,868,000	8,339,000
Taxes payable	2,522,000	2,646,000

Curr. Liabilities	\$ 10,432,000	\$ 12,383,000
Long-term debt	7,885,000	9,328,000
Cap. lease oblig.	362,000	417,000
Reserves for empl. benefits	401,000	386,000
Minority interest	39,000	104,000
Deferred credits	1,622,000	1,314,000
Accrued restor. costs	491,000	472,000
Deferred inc. taxes	2,941,000	3,259,000
+ Common stock	860,000	858,000
Add. paid-in capital	923,000	900,000
Retained earnings	15,048,000	14,539,000
Cum. for. exch. trans.	(1,090,000)	(1,726,000)
Treasury stock	(502,000)	(482,000)

Total Liabilities & Shareholders' Equity	\$ 39,412,000	\$ 41,752,000
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* At lower of cost (LIFO) or market.

Less accumulated depreciation, depletion and amortization. + \$2 per value.

Statistical Summary

%Income bef. Taxes to Revenues	25.24	20.54
%Net Income to Revenues	2.89	1.75
%Net Income to Equity	9.23	7.38
Debt to Equity	10.69	12.13
Working Capital	\$ 437,000,000	\$ 147,000,000
Current Ratio	1.04	1.01
Shareholders' Equity	\$13,624,000,000	\$14,089,000,000

Morse Shoe, Inc.

555 Turnpike Street
Canton, Massachusetts 02021
(617) 828-9300

Officers: Manuel Rosenberg, president & chief executive officer; Thomas J. Galligan, III, sr. v.p., chief financial officer & treasurer; Kenneth C. Cummins, v.p., secretary & general counsel; Daniel L. Goldberg, v.p. & director of merchandise planning; Herbert I. Rosenberg, v.p. & general merchandise manager-Leased Division; Charles F. Messina, v.p.-personnel & employee relations; Marvin G. Schwartz, v.p. & comptroller; Norman M. Weiser, v.p. & director of management information systems; Richard L. Bowen, v.p.-operations & administration; Shawn Lyons. Anthony R. Morro, asst. comptrollers; James C. Nemiah, asst. secretary.

Directors: Alfred L. Morse, Manuel Rosenberg, Donald C. Carroll, Jerome Zimmerman, Jesse Hill, Jr., Robert Sakowitz, Ernest J. Sargeant, Peter V. Tishman, Thomas J. Galligan, III.

Business Activities: Operates chains of retail shoe stores (Fayva, Morse and Upstage) and footwear departments in discount stores in the United States and Canada; manufactures footwear in the U.S. and Puerto Rico. Wholesales footwear in the United States, Canada and Europe.

Divisions and Subsidiaries:

Lowell Shoe, Inc.
95 Bridge Street
Lowell, Massachusetts 01852
(617) 933-4201

Morse Shoe (Canada) Ltd.
St. Laurent, Quebec, Canada

Morse Shoe International Division
Canton, Massachusetts

Isabela Shoe Corp.
Isabela, Puerto Rico

White Cap Footwear, Inc.
Comerio, Puerto Rico

Retail Divisions:

Fayva Division
Morse/Upstage Division
Leased Division
Morse Merchandising Programs

Transfer Agent(s):

The First National Bank of Boston
Shareholder Services Division
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: MRS

Number of Stores* (at fiscal year end)

1986	1,310	1983	1,196
1985	1,388	1982	1,359
1984	1,307		

* Including leased departments.

Sales and Earnings

	Net Sales	Net Income
1986*	\$ 585,591,000	\$ 9,733,000
1985	540,961,000	7,164,000
1984	526,546,000	9,092,000
1983	522,964,000	19,181,000
1982	447,965,000	(2,183,000)

	No. of Com. Shares	Earn. per Share ‡
1986*	5,464,587	\$ 1.78
1985	5,434,766	1.32
1984	5,434,266	1.68
1983	5,394,174	3.57
1982	5,311,543	—

(Loss)

* 53 weeks.

‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.45	—	—
1982	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 138,548,000	\$ 25.35
1985	132,946,000	24.46
1984	130,554,000	24.02
1983	125,665,000	23.30
1982	107,665,916†	20.27

† After allowing for preferred stock at liquidation value of \$40.35 per share.

Income Account (000's)

Year ended	1/3/87 (53 Weeks)	12/28/85
Net sales	\$ 585,591	\$ 540,961
Cost of sales	340,838	327,179
Expenses	212,955	191,000

Depreciation & amortization	9,315	6,904
Interest expense	8,362	5,769
Income before taxes	\$ 14,121	\$ 10,109
Income taxes	4,388	2,945
Net Income	\$ 9,733	\$ 7,164

Assets
(000's)

As of	1/3/87	12/28/85
Cash & time deposits	\$ 37,523	\$ 27,305
Accounts receivable, net	29,920	26,216
Prepaid income taxes	10,067	8,240
*Inventories	129,099	140,116
Prepaid expenses	3,812	1,186
Current Assets	\$ 210,421	\$ 203,063
Fixed assets	51,360	49,590
Other assets	8,447	3,616
Total Assets	\$ 270,228	\$ 256,269

Liabilities
(000's)

Long-term debt, curr.	\$ 5,356	\$ 4,507
Accts. payable	17,302	19,428
Accruals	17,797	20,843
Dividends payable	1,093	1,087
Income taxes	5,331	2,965
Curr. Liabilities	\$ 46,879	\$ 48,830
Long-term debt	78,708	69,065
Other liabilities	6,093	5,428
+ Common stock	5,465	5,435
Add. paid-in capital	2,415	1,997
Eq. adjust. from for. curr. trans.	(1,679)	(1,462)
Retained earnings	132,347	126,976
Total Liabilities & Shareholders' Equity	\$ 270,228	\$ 256,269

* At lower of cost or market. U.S. inventories valued at LIFO; non-U.S. inventories valued at FIFO or the retail method.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.41	1.87
%Net Income to Sales	1.66	1.32
%Net Income to Equity	7.03	5.39
Sales to Inventories	4.54	3.86
Debt to Equity	0.57	0.52
Working Capital	\$163,542,000	\$154,233,000
Current Ratio	4.49	4.16
Shareholders' Equity	\$138,548,000	\$132,946,000

Mott's Super Markets, Inc.

P.O. Box 1675
East Hartford, Connecticut 06144
(203) 289-3301

Officers: Joseph P. Mott, chairman of the board & chief exec. officer; Barry Baskind, president & chief operating officer; Lewis Ellish, vice chairman of the board; Stanley Baskind, exec. v.p.-treasurer; Peter Casasanta, sr. v.p.-perishables; Sylvia Gottlieb, v.p.-consumer affairs & secretary; Richard Z. Cohen, v.p.-merchandising & dir.-retail operations; Richard Neff, exec. v.p.; Graham Waddill, v.p. & controller.

Directors: Joseph P. Mott, Lewis Ellish, John B. Dempsey, Stanley Baskind, Marshall J. Mott, John B. Abrahms, Barry P. Baskind, Gloria Schaffer.

Business Activities: Operates a chain of Shop-Rite Supermarkets in Connecticut and Massachusetts. Three of the company's supermarkets also contain in-store prescription drug departments. In addition, two retail package store outlets are operated in Connecticut under the name "Shop-Rite Liquor Store."

Transfer Agent(s):
Connecticut Bank & Trust Company
Hartford, Connecticut

Stock Exchange(s): American

Ticker Symbol: MSM

Number of Stores: (at fiscal year end)

1985	23	1982	26
1984	26	1981	30
1983	24		

Sales and Earnings

	Net Sales	Net Income
1985	\$ 290,072,839	\$ (4,695,627)
1984	297,816,315	462,521
1983	295,356,637	1,540,061
1982	293,887,798	3,486,106
1981	289,342,761	4,743,791

No. of Com.
Shares

1985	2,786,224	\$ —
1984	2,786,224	0.17
1983	2,786,224	0.55
1982	2,229,343	1.25
1981	1,783,853	1.70

(Loss)

† Adjusted to reflect stock dividends.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1985	—	—	—
1984	—	—	—
1983	—	25%	—
1982	—	25%	—
1981	—	—	—

Common Stock Equity

	Total	Equity Per Share
1985	\$ 25,588,388	\$ 9.18
1984	30,841,260	11.07
1983	30,935,984	11.10
1982	29,959,819	13.44
1981	26,924,963	15.99

Income Account

Year ended	12/28/85	12/29/84
Net sales	\$ 290,072,839	\$ 297,816,315
Cost of sales	228,600,076	237,011,751
Expenses	64,791,279	59,109,018
Depreciation	2,424,801	2,276,702
Other income	(1,714,956)	(1,734,938)
Interest expense	1,079,261	545,848

Inc. (loss) bef. taxes	\$ (5,107,622)	\$ 607,934
Income taxes (credit)	(411,995)	145,413
Net Income (Loss)	\$ (4,695,627)	\$ 462,521

Assets

As of	12/28/85	12/29/84
Cash	\$ 11,738,541	\$ 16,407,810
Notes receivable	67,811	63,762
Accts. receiv., net	768,406	1,198,390
Refundable taxes	1,184,852	1,138,242
*Inventories	13,489,495	14,871,292
Prepaid expenses	721,712	632,243

Current Assets	\$ 27,970,817	\$ 34,311,739
Investments	4,377,170	5,101,203
#Fixed assets	16,563,721	17,468,090
Other assets	6,479,424	6,580,477

Total Assets	\$ 55,391,132	\$ 63,461,509
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Liabilities

Long-term debt, curr.	\$ 1,567,171	\$ 1,164,696
Dividends payable	139,311	139,311
Notes payable	7,800,000	10,400,000

Accts. payable	13,125,947	14,256,720
Accruals	2,405,867	1,606,259

Curr. Liabilities	\$ 25,038,296	\$ 27,566,986
Long-term debt	1,364,659	2,280,259
Deferred inc. taxes	1,537,203	1,433,777
Deferred comp.	600,000	600,000
Deferred pension cost	1,262,586	929,227
+ Common stock	2,786,224	2,786,224
Add. paid-in capital	20,349,978	20,349,978
Retained earnings	2,452,186	7,705,058

Total Liabilities & Shareholders' Equity	\$ 55,391,132	\$ 63,461,509
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* At cost (FIFO) by the retail method.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	—	0.20
%Net Income to Sales	—	0.16
%Net Income to Equity	—	1.50
Sales to Inventories	21.50	20.03
Debt to Equity	0.42	0.45
Working Capital	\$ 2,932,521	\$ 6,744,753
Current Ratio	1.12	1.24
Shareholders' Equity	\$25,588,388	\$30,841,260

Munford, Inc.

1860-74 Peachtree Road N.W.
Box 7701, Station C
Atlanta, Georgia 30309
(404) 352-6641

Officers: Dillard Munford, chairman of the board & chief exec. officer; Russell C. Fellows, president & chief operating officer; Joseph W. Hardin, v.p. & treasurer; Jay E. Rubel, v.p.-administration; James M. Carroll, exec. v.p.-finance & secretary; Don W. Barnes, president-Majik Market Division; H.E. Lambert, v.p., corp. counsel & asst. secretary.

Directors: Dillard Munford*, chairman; Winton M. Blount, S.B. Rymer, Jr.*, Jeff B. Davidson, H. Carey Haslin; Herbert J. Dickson*, Russell C. Fellows*, Richard K. LeBlond, II*, Andrell E. Pearson, Robert M. Gordiner.

* Member of the Executive Committee.

Business Activities: Company activities include the operation of company-owned and franchised convenience food stores under the name "Majik Market". Many of these food stores have gasoline stations operating in conjunction with them. World Bazaar import stores feature gift and home furnishing items; Leewards Craft Bazaar stores retail craft products. The Company also manufactures rattan furniture and is engaged in refrigerated warehouse and distribution activities.

Divisions and Subsidiaries:

Majik Market Division
World Bazaar Division
Building Materials Division
Leewards Division
United Refrigerator Services, Inc. (45.7%-owned)

Transfer Agent(s):

Citizens & Southern Trust Company
Atlanta, Georgia

Stock Exchange(s): New York

Ticker Symbol: MFD

Number of Stores: (at fiscal year end)

	Majik Market	World Bazaar*	Leewards
1986	792	311	47
1985	837	310	47
1984	835	279	—
1983	916	223	—
1982	959	196	—

* Company-operated and franchised.

Munford, Inc.

Sales and Earnings		
	Net Sales †	Net Income
1986	\$ 459,501,000	\$ 1,641,000
1985	456,562,000	5,532,000
1984*	423,513,000	8,235,000
1983	395,795,000	7,510,000
1982	372,605,000	7,184,000

	No. of Com. Shares #	Earn. per Share #
1986	3,869,759	\$ 0.42
1985	3,956,315	1.40
1984*	4,159,617	1.98
1983	4,096,893	1.83
1982	3,873,869	1.85

* 53 weeks.

† Of continuing operations only; includes other revenues.

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Revenues By Line of Business (000's)		
	1986	1985
Convenience Food Stores \$	328,170	358,478
Import Stores	70,003	71,354
Craft Stores	61,328	26,730
Total	\$ 459,501	\$ 456,562

Common Stock		
	Cash Dividend #	Stock Dividend Split
1986	\$0.54	—
1985	0.54	—
1984	0.52	12½%
1983	0.42	—
1982	1.05	—

Adjusted to reflect stock dividend and stock split.

Common Stock Equity		
	Total Equity	Equity Per Share +
1986	\$ 52,788,000	\$ 13.64
1985	52,392,000	13.24
1984	53,953,000	13.93
1983	49,854,000	12.17
1982	38,207,508	9.86

‡ After allowing for preferred stock at redemption value of \$10.40 per share.

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock split.

Income Account		
Year ended	1/1/87	1/2/86
Net sales & other rev.	\$ 459,501,000	\$ 456,562,000
Cost of sales	310,994,000	322,436,000
Expenses	136,311,000	117,072,000
Depreciation & amortization	8,457,000	7,556,000
Interest expense	6,929,000	6,021,000
Interest income	(623,000)	(495,000)
Loss (gain) on dispos. of plant & equip.	479,000	(458,000)
Equity in earnings of United Refrigerated Services, Inc.	(3,347,000)	(2,892,000)
Inc. bef. taxes	\$ 301,000	\$ 7,322,000
Income taxes (credit)	(1,340,000)	1,790,000
Net Income	\$ 1,641,000	\$ 5,532,000

Assets		
As of	1/1/87	1/2/86
Cash	\$ 3,481,000	\$ 3,327,000
Accts. receiv., net	8,622,000	9,825,000

*Inventories	75,116,000	81,198,000
Prepaid expenses	7,409,000	6,997,000
Refundable taxes	1,120,000	1,587,000

Current Assets	\$ 95,748,000	\$ 102,934,000
*Fixed assets	40,346,000	40,684,000
Other assets	18,437,000	16,404,000
Cap. leases	8,651,000	11,740,000

Total Assets	\$ 163,182,000	\$ 171,762,000
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Liabilities		
Notes payable	\$ 3,730,000	\$ 4,800,000
Long-term debt, curr.	2,317,000	1,714,000
Accts. payable	45,725,000	45,644,000
Dividends payable	516,000	508,000
Income taxes	231,000	141,000
Capital lease oblig., curr.	3,095,000	3,729,000

Curr. Liabilities	\$ 55,614,000	\$ 56,536,000
Long-term debt	38,953,000	43,589,000
Capital lease oblig.	8,702,000	12,070,000
Deferred inc. taxes	5,423,000	6,107,000
Other non-current liab.	1,702,000	1,068,000
+ Common stock	4,218,000	4,163,000
Add. paid-in capital	24,198,000	23,466,000
Retained earnings	34,351,000	34,742,000
Treasury stock	(9,979,000)	(9,979,000)

Total Liabilities & Shareholders' Equity	\$ 163,182,000	\$ 171,762,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	0.07	1.60
%Net Income to Sales	0.36	1.21
%Net Income to Equity	3.11	10.56
Debt to Equity	0.16	1.26
Working Capital	\$40,134,000	\$46,398,000
Current Ratio	1.72	1.82
Shareholders' Equity	\$52,788,000	\$52,392,000

Nash Finch Company

3381 Gorham Avenue
St. Louis Park, Minnesota 55426
(612) 929-0371

Officers: Harold B. Finch, Jr., chairman & chief executive officer; R.N. Mammel, president & chief operating officer; J.O. Rodysill, v.p.; Gerald E. Barber, v.p.; Robert F. Nash, treasurer; Philip E. Bortscheller, assistant treasurer; Dennis C. Fairchild, controller; Norman R. Soland, secretary; Walter G. Hreno, asst. secretary.

Directors: Harold B. Finch, Jr., chairman; Alan W. Clark, Ann M. Crowley, R.N. Mammel*, Donald R. Miller, Robert F. Nash*, J.O. Rodysill*, Arthur C. Wangaard, Jr., Richard A. Fisher, Richard G. Lareau.

* Member of the Executive Committee.

Business Activities: Owns and operates 93 supermarkets, warehouse stores, and Family Thrift Centers. Its 17 food distribution centers supply 462 affiliated supermarkets and over 5,000 independent retailers and institutions. The firm also owns a produce marketing subsidiary in California, which sells fresh fruits and vegetables to large wholesalers and chain retailers.

Divisions and Subsidiaries:

Piggly Wiggly
Corporate and affiliated supermarkets in North and South Dakota, Minnesota and Montana.

Jack & Jill
Corporate and affiliated supermarkets in Minnesota, North and South Dakota, Iowa, Illinois, Nebraska, Kansas, Texas, Montana, Colorado, Oklahoma, Wyoming, and Wisconsin.

Me Too
Sun Mart
Clifton's
Corporate supermarkets in Iowa.

Family Thrift Center
General merchandise/food stores in Nebraska, South Dakota and North Dakota.

Food Pride
Affiliated independent supermarkets in North Carolina.

Warehouse Market, Food Bonanza, Prairie Market
Warehouse stores in Minnesota, South Dakota, North Dakota, Iowa, Nebraska, Kansas, Texas and Illinois.

The Nash DeCamp Company
Produce marketing subsidiary in California and Arizona.

The S.C. Shannon Company
Valley Cash & Carry, Inc.
Food distribution center serving independent food retailers in Wisconsin.

Econofoods
Warehouse stores in Iowa and Nebraska.

M.H. McLean Wholesale Grocery Co., Inc.
Food distribution center serving independent food retailers in North and South Carolina.

Acquisition(s):
Thomas & Howard Company of Hickory, Inc.
Thomas & Howard Company of Rocky Mount, Inc.
Virginia Foods of Bluefield, Inc.
These three companies operate four grocery and health and beauty aids warehouses in the Southeast.

Transfer Agent(s):
Nash Finch Company
3381 Gorham Avenue
St. Louis Park, Minnesota 55426

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NAFC (NASDAQ)

Number of Stores: (at fiscal year end)			
1986	93	1983	99
1985	91	1982	101
1984	92		

Sales and Earnings		
	Net Sales +	Net Income
1986*	\$1,577,356,682	\$ 13,833,792
1985	1,327,399,780	12,005,731
1984	1,238,318,783	11,686,234
1983	1,142,988,030	11,066,814
1982	1,120,156,755	11,559,199
	No. of Com. Shares #	Earn. per Share #
1986*	5,122,098	\$ 2.70
1985	5,097,792	2.36
1984	5,089,000	2.30
1983	5,077,000	2.18
1982	5,098,000	2.27

* 53 weeks.

+ Includes operating revenues and other income.

Based on the average number of shares outstanding adjusted to reflect stock split.

Revenue By Line of Business (000's)		
	1986	1985
Wholesale	\$ 962,957	\$ 759,618
Retail	586,683	542,046
Product marketing	24,077	21,630
Total	\$ 1,573,717	\$ 1,323,294

Common Stock		
	Cash Dividend †	Stock Dividend Split
1986	\$1.04	—
1985	1.00	—
1984	0.97	—
1983	0.93	—
1982	0.90	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share*
1986	\$ 116,416,000	\$ 22.73
1985	107,384,000	21.03
1984	100,094,000	19.68
1983	93,404,000	18.34
1982	86,670,000	17.12

* Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account

Year ended	1/3/87	12/28/85
Net sales	\$1,557,033,263	\$1,307,942,484
Other income	20,323,419	19,457,296
Total income	\$1,577,356,682	\$1,327,399,780
Cost of sales	1,360,536,628	1,142,463,990
Expenses	165,713,341	140,797,852
Depreciation & amortization	16,248,760	14,279,279
Prof. sh. plan	2,348,472	2,100,971
Interest expense	6,497,213	5,731,953
Income before taxes	\$ 26,012,268	\$ 22,025,735
Income taxes	12,178,476	10,020,004
Net Income	\$ 13,833,792	\$ 12,005,731

Assets

As of	1/3/87	12/28/85
Cash	\$ 382,406	\$ 298,476
Cert. of deposit	—	600,000
Accts. receiv., net	43,923,322	25,661,882
*Inventories	134,492,758	95,484,414
Prepaid expenses	3,877,616	3,005,906
Current Assets	\$ 182,676,102	\$ 125,050,678
Investments	20,383,179	12,869,415
#Fixed assets	106,152,978	96,712,995
Oblig. under cap. leases	3,242,206	3,882,139
Defer. charges	1,039,523	756,738
Intangibles	414,016	494,754
Total Assets	\$ 313,908,004	\$ 239,766,719

Liabilities

Outstanding checks	\$ 2,606,182	\$ 434,290
Short-term debt	23,500,000	10,500,000
Long-term debt	—	—
& cap. lease oblig.	5,085,478	3,451,767
Accts. payable	76,566,271	52,982,105
Accruals	11,500,263	9,118,668
Income taxes	1,428,502	1,380,388
Curr. Liabilities	\$ 120,686,696	\$ 77,867,218
Long-term debt	55,942,958	35,893,998
Cap. lease oblig., curr.	5,645,065	6,356,421
Deferred compensation	9,341,062	8,525,668
Deferred income taxes	4,819,047	3,375,551
Lease loss provision	722,946	352,574
Deferred gains	334,650	11,508
+ Common stock	8,897,962	8,897,962
Add. paid-in capital	626,756	337,522
Retained earnings	108,968,425	100,466,787
Treasury stock	(2,077,563)	(2,318,490)
Total Liabilities & Shareholders' Equity	\$ 313,908,004	\$ 239,766,719

* At lower of cost (LIFO or FIFO) or market.

Less accumulated depreciation.

+ \$1.66 1/2 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.67	1.68
%Net Income to Sales	0.89	0.92
%Net Income to Equity	11.88	11.18
Sales to Inventories	11.58	13.70
Debt to Equity	0.73	0.52

Working Capital	\$ 61,989,406	\$ 47,183,460
Current Ratio	1.51	1.61
Shareholders' Equity	\$116,415,580	\$107,383,781

National Convenience Stores Incorporated

100 Waugh Drive
Houston, Texas 77007
(713) 863-2200

Officers: V.H. Van Horn, president & chief exec. officer; T.W. Ewens, sr. v.p.-corp. development; A.J. Gallarano, v.p.-general counsel & secretary; J.C. Brewster, v.p.-finance & chief financial officer; Patricia A. Raybon, v.p.-internal audit; R.P. Springer, controller; R.C. Wortham, v.p.-real estate; N.E. Dickey, v.p.-Midwestern Division; William K. Elwood, v.p.-systems; Charles T. Spear, v.p.-Gulf Coast and Western Divisions; Jerry M. Comstock, Jr., v.p.-Hex Division; Michael C. Kearney, treasurer; Craig K. Calton, v.p.-marketing.

Directors: William Key Wilde, Raymond W. Oeland, Jr., Dunbar N. Chambers, Jr., Richard C. Steadman, Robert B. Stobaugh, V.H. Van Horn.

Business Activities: Operates a chain of 958 self-service convenience food stores in six states with the majority of the stores located in Texas. Most stores are company-owned and operated under the names Stop N Go, and Hot Stop, and sell staple foods, groceries, beverages, snack foods, and other food items.

Divisions:

Western Division
1385 Knollwood Circle, Unit B
Anaheim, California 92801
(714) 527-8810

Gulf Coast Division
100 Waugh Drive
Houston, Texas 77007
(713) 863-2203

Western Division
4 Brown Boulevard
Houston, Texas 76006
(713) 649-8785

H Division
100 Waugh Drive
Houston, Texas 77007
(713) 863-2200

Transfer Agent(s):

Center Trust Company of St. Louis
St. Louis, Missouri

Stock Exchange(s): New York

Ticker Symbol: NCS

Number of Stores: (at fiscal year end)

1986	958	1983	1,012
1985	1,130	1982	922
1984	1,081		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 949,874,000	\$ 3,582,000
1985	927,507,000	15,309,000
1984	818,988,000	18,450,000
1983	632,310,000	14,226,000
1982	617,438,000	12,185,000

	No. of Com. Shares #	Earn. per Share #
1986	23,219,000	\$ 0.15
1985	20,440,000	0.76
1984	19,750,000	0.93
1983	19,063,000	0.75
1982	17,641,000	0.69

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.36	—	—
1985	0.36	—	5-for-4
1984	0.32	—	3-for-2
1983	0.29	—	5-for-4
1982	0.26	20%	—

+ Adjusted to reflect stock dividend and stock splits.

Common Stock Equity

	Total Equity †	Equity Per Share #
1986	\$ 89,508,000	\$ 3.85
1985	96,114,000	4.70
1984	87,336,000	4.42
1983	74,289,000	3.90
1982	60,361,000	3.42

Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

† After allowing for preferred stock at stated value.

Income Account *
(000's)

Year ended June 30	1986	1985
Net sales	\$ 949,874	\$ 927,507
Cost of sales	705,191	683,555
Oper. exp.	173,559	159,452
Expenses	47,373	41,777
Interest expense	23,646	19,185
Gain on corp. restructuring	(4,047)	—
Income before taxes	\$ 4,152	\$ 23,538
Income taxes	570	8,029
Net Income	\$ 3,582	\$ 15,509

* Included in Costs and Expenses, Depreciation and Amortization: \$30,539,000 in 1986 and \$28,290,000 in 1985.

Assets
(000's)

As of June 30	1986	1985
Cash	\$ 1,987	\$ 11,415
Accts. & notes receiv., net	4,409	5,749
*Inventories	42,505	55,866
Prepaid expenses	3,464	4,733
Current Assets	\$ 52,365	\$ 77,763
#Fixed assets	333,201	324,005
Other assets & defer. charges	23,172	22,067
Total Assets	\$ 408,738	\$ 423,835

Liabilities
(000's)

Cap. lease oblig. & long term debt, curr.	\$ 7,017	\$ 8,007
Accts. payable & accrued expenses	45,072	54,869
Dividends payable	2,065	2,094
Curr. Liabilities	\$ 54,154	\$ 64,970
Long-term debt	163,328	159,576
Cap. lease oblig.	26,510	31,480
Deferred inc. taxes	25,237	21,693
9% Convertible debentures	50,000	50,000
Preferred stock	1	2
+ Common stock	9,911	9,815
Add. paid-in capital	87,533	87,718
Retained earnings	37,999	42,729
Treasury stock	(5,654)	(3,016)
Deferred comp.	(40,281)	(41,132)
Total Liabilities & Shareholders' Equity	\$ 408,738	\$ 423,835

National Convenience Stores Incorporated

* At lower of cost (FIFO) or market; gasoline inventories at average cost.
 ‡ Less accumulated depreciation and amortization.
 + \$0.41% par value.

Statistical Summary

%Income bef. Taxes	0.44	2.54
to Sales	0.38	1.67
%Net Income to Sales	4.00	16.14
Sales to Inventories	22.35	16.60
Debt to Equity	1.90	2.07
Working Capital	—	\$12,793,000
Current Ratio	—	1.20
Shareholders' Equity	\$89,509,000	\$96,116,000

National Hardgoods Distributors, Inc.

365 Washington Street
 Stoughton, Massachusetts 02072
 (617) 341-1810

Officers: Sheldon M. Woolf, president; Arthur M. Kagan, v.p. & treasurer; Jerry L. Goad, exec. v.p.; Douglas M. Cohen, v.p.-finance; Joseph Quaresima, v.p. & gen. mdse. mgr.; Milton Bordwin, clerk.

Directors: Sheldon M. Woolf, Martin E. Feldman, Melvin Weinstein, Howard Rubin, Arthur M. Kagan.

Business Activities: Operates a chain of freestanding hardware stores in Massachusetts, Rhode Island and Connecticut as well as 1 leased department in a self-service discount department store. Hardgood merchandise includes automotive accessories, home furnishings, paint, housewares, and garden and patio goods.

Transfer Agent(s):
 Continental Stock Transfer Corporation
 New York, New York

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NHRD (NASDAQ)

Number of Stores: (at fiscal year end)

1987	26	1984	18
1986	20	1983	16
1985	19		

Sales and Earnings

	Net Sales	Net Income ‡
1987	\$ 36,360,793	\$ 956,144
1986	33,500,995	488,679
1985	32,402,526	742,723
1984	26,508,753	591,765
1983	27,292,426	641,798

No. of Com. Shares ‡

	Earn. per Share ‡
1987	1,355,026
1986	1,355,135
1985	1,355,135
1984	1,355,135
1983	1,355,135

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends.
 ‡ Including extraordinary gain of \$152,370 (\$0.11 per share) in 1984.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	10%	—
1986	—	—	—
1985	—	50%	—
1984	—	25%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 7,670,812	\$ 5.66
1986	6,715,596	4.96

1985	6,226,917	4.60
1984	5,484,467	4.05
1983	4,892,702	3.61

‡ Adjusted to reflect stock dividends.

Income Account

Year ended	1/31/87	1/25/86
Net sales	\$ 36,360,793	\$ 33,500,995
Cost of sales	32,128,019	30,249,341
& store oper. exp.	1,745,566	1,590,503
Expenses	764,711	549,905
Depreciation & amortization	220,412	226,615
Interest expense	(337,392)	—
Gain on sale	—	—
Income before taxes	\$ 1,839,477	\$ 884,631
Income taxes	883,333	395,952
Net Income	\$ 956,144	\$ 488,679

Assets

As of	1/31/87	1/25/86
Cash	\$ 490,770	\$ 697,970
Marketable securities	79,461	74,160
Accts. receiv., net	241,885	1,007,981
Refundable inc. taxes	—	88,620
*Inventories	10,352,847	7,912,302
Prepaid expenses	361,910	235,465
Curr. Assets	\$ 11,526,873	\$ 10,016,498
‡Fixed assets	3,186,529	2,069,773
Other assets	690,415	255,897
Total Assets	\$ 15,403,817	\$ 12,342,168

Liabilities

Long-term debt, curr.	\$ 293,524	\$ 291,923
Accts. payable	2,831,395	3,180,262
Accruals	817,840	222,294
Income taxes	472,454	—
Other taxes	212,366	130,853
Curr. Liabilities	\$ 4,627,579	\$ 3,825,332
Long-term debt	2,761,662	1,739,638
Deferred income taxes	48,764	61,602
Deferred gain	295,000	—
+ Common stock	135,503	123,194
Add. paid-in capital	2,325,806	1,291,893
Retained earnings	5,209,503	5,300,509
Total Liabilities & Shareholders' Equity	\$ 15,403,817	\$ 12,342,168

* At lower of cost (FIFO) or market using the retail method.
 ‡ Less accumulated depreciation.
 + \$0.10 per value.

Statistical Summary

%Income bef. Taxes	5.06	2.64
to Sales	2.63	1.46
%Net Income to Equity	12.46	7.28
Sales to Inventories	3.51	4.23
Debt to Equity	0.36	0.30
Working Capital	\$6,899,294	\$6,191,166
Current Ratio	2.49	2.62
Shareholders' Equity	\$7,670,812	\$6,715,596

National Lumber & Supply, Inc.

17102 Newhope Street
 Fountain Valley, California 92708
 (714) 751-3970

Officers: Sol Jaffee, chairman of the board; Melvin Jaffee, president & chief executive officer; Jordan G. Silverberg, executive v.p.; Richard C. Sturt, v.p.-administration & secretary; Craig R. Schumacher, v.p.-operations; V.J. Carnevale, v.p., chief financial officer & treasurer; Al Yochum, v.p.-human resources.

Directors: Sol Jaffee, chairman of the board; Melvin Jaffee, Jordan G. Silverberg, Lawrence R. Gordon, Victor Carter, Haim Ben-Shahar, Marvin A. Weiss.

Business Activities: Operates 18 discount home centers in southern California. These centers sell a wide range of lumber and building materials, hardware, gardening and home improvement and repair products to the do-it-yourself market.

Subsidiaries:

Lauren-Bilt Construction, Inc.
 Jaffee Wholesale, Inc.

Transfer Agent(s):

Bank of America
 San Francisco, California

Stock Exchange(s): Over-the-Counter

Ticker Symbol: NTLB (NASDAQ)

Number of Stores: (at fiscal year end)

1987	18	1984	12
1986	19	1983	12
1985	15		

Sales and Earnings

	Revenues	Net Income
1986	\$ 151,286,000	\$ (2,421,000)
1985	136,424,000	(154,000)
1984	127,880,000	1,335,000
1983	114,308,000	2,208,000
1982	97,943,000	1,654,000

No. of Com. Shares ‡

	Earn. per Share ‡
1986	5,633,809
1985	5,631,789
1984	5,631,559
1983	4,701,649
1982	4,406,307

(Loss)
 ‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.009	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 20,463,000	\$ 3.63
1985	22,879,000	4.06
1984	23,237,000	4.13
1983	21,899,000	4.66
1982	8,951,000	2.03

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	1987	1986
Jan. 31		
Net sales	\$ 150,027,699	\$ 135,866,006
Gain on sale of land	834,483	—
Other income	424,113	558,366
Total income	\$ 151,286,295	\$ 136,424,372
Cost of sales	107,113,200	96,610,866
Expenses	47,278,558	40,755,908
Cost of store closure	889,962	—
Interest expense	539,817	232,338
Loss before taxes	\$ (4,535,242)	\$ (1,174,734)
Tax credit	(2,114,000)	(1,020,400)
Net Loss	\$ (2,421,242)	\$ (154,334)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,771,789 in 1986 and \$1,417,154 in 1985.

As of Jan. 31	Assets	
	1987	1986
Cash	\$ 801,422	\$ 473,636
Accts. receiv., net	1,694,532	2,582,115
Refundable taxes	1,859,276	1,755,992
*Inventories	26,358,430	27,367,590
Due from related party	34,021	115,300
Prepaid expenses	2,003,277	1,018,418
Land held for sale	—	1,953,716
Current Assets	\$ 32,750,958	\$ 35,266,767
Note receivable	2,000,000	—
*Fixed assets	10,471,315	13,084,348
Other assets	378,409	188,674
Total Assets	\$ 45,600,682	\$ 48,539,789
Liabilities		
Notes payable	\$ —	\$ 4,412,500
Long-term debt, curr.	71,961	74,980
Accts. payable	15,691,789	12,675,901
Other accruals	4,780,723	4,870,624
Accrued insurance premiums	1,353,308	623,846
Curr. Liabilities	\$ 21,897,781	\$ 22,657,851
Long-term debt	1,306,892	1,382,624
Deferred income	541,178	—
Deferred inc. taxes	1,391,769	1,620,380
+ Coram stock	10,786,055	10,780,685
Retained earnings	9,677,007	12,098,249
Total Liabilities & Shareholders' Equity	\$ 45,600,682	\$ 48,539,789

* At lower of average cost (LIFO) or net realizable value.

† Less accumulated depreciation and amortization.

+ No par values.

Statistical Summary		
Sales to Inventories	5.69	4.96
Debt to Equity	0.07	0.26
Working Capital	\$10,853,177	\$12,608,916
Current Ratio	1.50	1.56
Shareholders' Equity	\$20,463,062	\$22,878,934

NBI, Inc.

P.O. Box 9001
3450 Mitchell Lane
Boulder, Colorado 80301
(303) 444-5710

Officers: Thomas S. Kavanagh, president; Jesse A. Simmons, v.p. & treasurer; David Klein, exec. v.p. & secretary; Charles L. Dumas, John C. Meyer, Robert K. Reid, A. Herschel Kranitz, Lynn B. King, Clifford F. Moss, v.p.'s; John F. Stasz, corporate controller.

Directors: William R. Hambrecht, Thomas S. Kavanagh, Howard W. Selby, III, Richard Hodgson, Robert M. Collins.

Business Activities: Operates 35 NBI The OfficePlace, which engage in the retail sale of office supplies, machines and furniture in Alaska, California, Colorado, Hawaii, and Washington. Also designs, manufactures and markets software-based office automation systems used in information and word processing and for communications within the office.

Divisions and Subsidiaries:

NBI Office Products Division
NBI Office Systems Division

Commercial Office Products Co.
Aurora, Colorado

Integrated Solutions, Inc.
2240 Lundy Avenue
San Jose, CA 95131

Designs, manufactures and markets high-performance computers for engineering, scientific and other technical professionals.

Commercial Office Products Company
13800 East 39th Avenue
Aurora, CO 80011

Yukon Office Supply, Inc.
300 S.W. 41st Street
Renton, WA 98055

Peninsula Office Supply, Inc.
1089 Mills Way
P.O. Box 8010
Redwood City, CA 94063

NBI Canada Inc.
NBI Ltd. (United Kingdom)
NBI GmbH (West Germany)
NBI SA (France)
NBI Systems, Inc. (Hong Kong)
Foreign sales subsidiaries.

Acquisition(s):

Kershaw's, Inc.
Spokane, Washington
Office products distribution and retail sale in the Spokane, Washington area.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 1865
Boston, Massachusetts 02105

Stock Exchange(s): New York, Pacific

Ticker Symbol: NBI

Number of Stores: (at fiscal year end)

1986 35

	Sales and Earnings	
	Net Sales	Net Income ††
1986	\$ 228,534,000	\$ (3,868,000)
1985	174,798,000	13,215,000
1984	141,764,000	13,776,000
1983	96,780,000	4,590,000
1982	80,520,000	10,986,000
	No. of Com. Shares #	Earn. per Share ††
1986	9,679,000	\$ —
1985	9,367,000	1.41
1984	9,869,000	1.40
1983	10,171,000	0.45
1982	9,342,000	1.18

(Loss)

† Including extraordinary gain of \$330,000 in 1986.

†† Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 100,371,000‡	\$ 10.32
1985	101,442,000‡	10.65
1984	82,219,000	9.02
1983	86,432,000	8.65
1982	78,676,000	7.98

‡ After allowing for preferred stock at liquidation value.

Income Account * (000's)		
Year ended June 30	1986	1985
Net sales	\$ 228,534	\$ 174,798
Rental & serv.	53,820	41,915
Total income	\$ 282,354	\$ 216,713
Cost of sales	162,206	104,413
Expenses	122,888	88,994
Inc. from invest.	(2,437)	(3,946)
Interest expense	7,329	5,228
Income (loss) bef. taxes	\$ (7,632)	\$ 22,024
Income taxes (credit)	(3,434)	8,809

Net Income (Loss)	\$ (4,198)	\$ 13,215
Extraord. gain	330	—
Net Income (Loss) & extraord. gain	\$ (3,868)	\$ 13,215

* Included in Costs and Expenses. Depreciation: \$13,909,000 in 1985 and \$12,790,000 in 1984.

Assets (000's)		
As of June 30	1986	1985
Cash & cash equiv.	\$ 34,147	\$ 28,506
Receivables	57,681	62,066
Marketable securities	1,314	5,375
*Inventories	42,800	49,392
Other curr. assets	2,691	2,509
Current Assets	\$ 138,633	\$ 147,848
Installment receiv.	6,328	8,732
*Rental equip.	2,978	4,358
‡Field spare parts	10,529	8,865
*Fixed assets	54,970	53,370
Deferred comm.	11,987	13,726
Total Assets	225,425	236,899

Liabilities (000's)		
Notes payable	\$ 17,937	\$ 14,899
Accts. payable	16,071	16,055
Accruals	17,961	18,953
Accrued inc. taxes	—	6,825
Deferred inc. taxes	3,027	3,621
Curr. Liabilities	\$ 54,996	\$ 60,353
Long-term debt	57,674	63,284
Deferred inc. taxes	6,451	5,887
+ Preferred stock	59	59
+ + Common stock	1,043	1,031
Add. paid-in capital	73,622	71,497
Retained earnings	46,426	51,468
Curr. trans. adj.	(187)	(389)
Treasury stock	(14,659)	(16,291)
Total Liabilities & Shareholders' Equity	\$ 225,425	\$ 236,899

* At lower of cost (FIFO) or market.

† Less accumulated depreciation.

‡ Less accumulated amortization.

+ \$1 par value; Series A, 9% cumulative.

+ + \$0.10 par value.

Statistical Summary		
%Income bef. Taxes to Sales	—	12.60
%Net Income to Sales	—	7.56
%Net Income to Equity	—	12.31
Sales to Inventories	5.34	3.54
Debt to Equity	0.54	0.73
Working Capital	\$ 83,637,000	\$ 87,495,000
Current Ratio	2.52	2.45
Shareholders' Equity	\$106,304,000	\$107,375,000

New Process Company

220 Hickory Street
Warren, Pennsylvania 16366
(814) 723-3600

Officers: John L. Blair, president; Alan J. Blair, exec. vice president; Robert W. Blair, vice president and secretary; Giles W. Schutte, vice president & treasurer; vice presidents: Steven M. Blair-order handling, Robert D. Crowley-men's merchandise, John H. Carter-merch. handling, Murray K. McCormas-advertising, C. Wayne Kipple-home furnishings, Michael J. Samargya-data processing, Robert B. Dietsch, women's merch. & asst. secretary; Blair T. Smoulder-planning; Richard E. Zimmerman, personnel; asst. v.p.'s: George A. Stark-mailing, Carl H. Nelson-merchandise handling, Robert L. Benson-men's merchandise, Lois S. Bartholomew-women's

New Process Company

merchandise, Timothy J. Baker-planning, Stephen P. Wiedmaier-order handling, John A. Lasher-advertising, Thomas A. Silwell-data processing; Kent R. Sivillo, asst. treasurer.

Directors: John L. Blair, Alan J. Blair, Robert W. Blair, Robert B. Dietsch, Giles W. Schute, Michael J. Samargya, John H. Carter, Murray K. McComas, Steven M. Blair, Blair T. Smoulder.

Business Activities: Mail order house. Sells men's and women's apparel, plus a broad range of home furnishings, primarily by mail. Its facilities are located in the Warren, Pennsylvania area where all functions of advertising preparation, mailing, order handling and shipping are performed.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
30 West Broadway
New York, New York 10015

Stock Exchange(s): American

Ticker Symbol: NOZ

Sales and Earnings

	Net Sales	Net Income
1986	\$ 359,609,041	\$ 17,694,945
1985	329,727,489	19,169,534
1984	299,142,618	18,699,697
1983	268,286,313	16,236,095
1982	235,417,783	8,880,747

	No. of Com. Shares	Earn. per Share
1986	9,359,778	\$ 1.89
1985	9,414,178	2.03
1984	9,483,578	1.97
1983	9,486,978	1.71
1982	9,474,728	0.93

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.18	—	—
1985	1.25	—	—
1984	1.20	—	—
1983	1.03	—	—
1982	0.55	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 81,246,352	\$ 8.68
1985	75,962,268	8.07
1984	69,976,583	7.38
1983	62,723,443	6.61
1982	56,017,304	5.91

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 359,609,041	\$ 329,717,489
Other income	13,798,009	13,239,658
Total income	\$ 373,407,050	\$ 342,957,147
Cost of sales	170,683,112	158,073,106
Expenses	150,971,058	132,003,664
Prov. for doubtful accts.	16,012,935	14,301,843
Income before taxes	\$ 35,739,945	\$ 38,578,534
Income taxes	18,045,000	19,409,000
Net Income	\$ 17,694,945	\$ 19,169,534

* Included in Costs and Expenses, Depreciation: \$1,694,368 in 1986 and \$1,598,647 in 1985.

Assets

As of Dec. 31	1986	1985
Cash & short-term invest.	\$ 12,101,222	\$ 21,029,339
Accts. receiv., net	66,291,571	63,279,826
*Inventories	42,244,959	29,882,345
Prepaid expenses	261,436	318,793
Current Assets	\$ 120,899,188	\$ 114,510,303

#Fixed assets	12,689,132	10,754,507
Total Assets	\$ 133,588,320	\$ 125,264,810

Liabilities

Accts. payable	\$ 23,229,957	\$ 20,355,009
Accruals	5,196,762	4,689,997
Dividends payable	7,534,621	8,237,406
Income taxes	2,608,628	2,902,130
Deferred income taxes	13,772,000	13,118,000
Curr. Liabilities	\$ 52,341,968	\$ 49,302,542
+ Common stock	419,810	419,810
Add. paid-in capital	2,339,584	1,953,147
Retained earnings	87,258,983	80,619,939
Treasury stock	(8,772,025)	(7,030,628)

Total Liabilities & Shareholders' Equity	\$ 133,588,320	\$ 125,264,810
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* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	9.94	11.70
%Net Income to Sales	4.92	5.81
%Net Income to Equity	21.78	25.24
Sales to Inventories	8.51	11.03
Working Capital	\$68,557,220	\$65,207,761
Current Ratio	2.31	2.32
Shareholders' Equity	\$81,246,352	\$75,962,268

S. E. Nichols Inc.

275 Seventh Avenue
New York, New York 10001
(212) 206-9400

Officers: Manfred Brecker, chairman & chief exec. officer; Kenneth A. Davis, president & chief operating officer; Joseph Keller, exec. v.p.-store development; Erich Metzger, exec. v.p.-merchandising & secretary; Edward Denenberg, sr. v.p.-merchandising; Marcie Davis, v.p.-human resources; Lee Lobelson, v.p.-administration; H. Joseph Klein, v.p.-security and loss prevention; Joseph Keller, Jr., v.p.-store operations; Maarten D. Hensley, sr. v.p.-finance, treasurer and chief financial officer; Philip J. Frank, v.p.-advertising; Warren Wolfenberger, pres.-Schreiber Division.

Directors: Manfred Brecker, chairman; Irving M. Rosenbaum, Joseph Keller, Erich Metzger, Kenneth Davis, Melvin Katz, Stanley Roth, Jr., Howard L. Blum, Jr., John H. Vogel.

Business Activities: Operates a chain of self-service discount department stores under the name "Nichols" and "Nichols Discount City" in New York, Pennsylvania, New Jersey, Maryland, Virginia, South Carolina, Delaware, West Virginia, North Carolina and Ohio. Operates automotive service centers, licensed pharmacies, and do-it-yourself home improvement centers in most stores.

Division:

F.R. Schreiber Company
Lititz, Pennsylvania
Distributes hardware, health and beauty aids, housewares, and other related products.

Transfer Agent(s):

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230

Stock Exchange(s): American

Ticker Symbol: NCL

Number of Stores: (at fiscal year end)

1986	45	1983	42
1985	44	1982	43
1984	42		

Sales and Earnings

	Revenues	Net Income
1986	\$ 309,969,332	\$ 4,420,863
1985	294,110,338	6,270,034

1984	277,303,147	6,803,713
1983	256,866,863	2,520,806
1982	242,842,749	(464,887)

	No. of Com. Shares †	Earn. per Share †
1986	4,657,301	\$ 0.95
1985	4,647,661	1.35
1984	4,294,595	1.58
1983	3,848,871	0.65
1982	3,848,871	—

(Loss)

† Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 49,891,682	\$ 10.69
1985	45,406,565	9.77
1984	39,127,906	8.42
1983	25,123,264	6.53
1982	22,602,458	5.87

Income Account *

Year ended Jan. 31	1986	1985
Net sales	\$ 277,566,505	\$ 268,021,376
Other income	32,402,827	26,088,962
Total income	\$ 309,969,332	\$ 294,110,338
Cost of sales	212,997,984	198,766,518
Expenses	85,610,364	80,100,733
Interest expense	5,017,121	3,504,053
Income before taxes	\$ 6,343,863	\$ 11,739,034
Income taxes	1,923,000	5,469,000
Net Income	\$ 4,420,863	\$ 6,270,034

* Included in Costs and Expenses, Depreciation: \$3,310,772 in 1986 and \$2,584,248 in 1985.

Assets

As of Jan. 31	1986	1985
Cash	\$ 6,078,657	\$ 22,673,648
Receiv., net	6,777,083	5,553,952
*Inventories	71,720,029	65,413,622
Inc. taxes receiv.	3,068,632	2,145,645
Prepaid expenses	2,538,285	2,850,212

Current Assets	\$ 90,182,686	\$ 98,637,079
#Fixed assets	31,612,247	21,322,270
Other assets	1,493,851	1,712,077

Total Assets	\$ 123,288,784	\$ 121,671,426
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Liabilities

Long-term debt, curr. Cap. lease oblig., curr.	\$ 582,265	\$ 707,241
Accts. payable	678,491	857,977
Accruals	18,125,077	21,802,869
Income taxes	5,582,838	4,920,587
Deferred tax liability	636,000	989,976
	534,000	656,000

Curr. Liabilities	\$ 26,138,671	\$ 29,934,650
Long-term debt	44,065,853	43,199,050
Cap. lease oblig.	1,190,402	2,194,985
Deferred tax liability	2,002,176	936,176
+ Common stock	466,538	464,937
Add. paid-in capital	15,704,836	15,642,183
Retained earnings	33,720,308	29,299,445

Total Liabilities & Shareholders' Equity	\$ 123,288,784	\$ 121,671,426
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* At lower of cost or market, by the retail method.
Less accumulated depreciation.
+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.29	4.38
%Net Income to Sales	1.59	2.34
%Net Income to Equity	8.86	13.81
Sales to Inventories	3.87	4.10
Debt to Equity	0.93	1.03

Working Capital	\$64,044,015	\$68,702,429
Current Ratio	3.45	3.30
Shareholders' Equity	\$49,891,682	\$45,406,565

Nordstrom, Inc.

1501 Fifth Avenue
Seattle, Washington 98101
(206) 628-2111

Officers: Bruce A. Nordstrom, John N. Nordstrom, co-chairmen of the board; James F. Nordstrom, president; John A. McMillan, exec. v.p.; Robert E. Bender, sr. v.p.; Barden Erickson, Jack Irving, Elizabeth Sanders, Raymond A. Johnson, Bob Nunn, Cindy Demme, R. Gary Baughn, Dale Crichton, Darrel Hume, Gail Cottle, Suzanne Patenaude, Malinda Walderhaug, Paul Hunter, Calen Jefferson, v.p.'s; Karen E. Purpur, secretary; John A. Goessling, sr. v.p. & treasurer.

Directors: Bruce A. Nordstrom*, John N. Nordstrom*, John A. McMillan*, James F. Nordstrom*, Robert E. Bender, D. Wayne Gittinger, John F. Harrigan, Malcolm T. Stamper, Elizabeth Crownhart Vaughan, Charles A. Lynch, William D. Ruckelshaus.

*Member of the Executive Committee.

Business Activities: Operates a chain of retail specialty stores and clearance stores in Washington, Oregon, Alaska, California, Utah and Montana, and leased shoe departments are operated in Hawaii.

Subsidiaries:

Nordstrom Credit, Inc.
Nordstrom Hawaii, Inc.
Nordstrom Realty, Inc.

Transfer Agent(s):

First Interstate Bank of California

Stock Exchange(s): Over-the-Counter**Ticker Symbol:** NOBE (NASDAQ)**Number of Stores:** (at fiscal year end)

	Specialty Stores	Shoe Stores	Clearance Stores	Leased Shoe Depts.
1987	45	1	8	11
1986	44	1	7	11
1985	39	1	4	10
1984	35	1	3	10
1983	35	1	—	11

Sales and Earnings

	Net Sales	Net Income
1987	\$1,629,918,000	\$ 72,939,000
1986	1,031,857,000	50,079,000
1985	958,678,000	40,711,000
1984	768,677,000	40,239,000
1983	598,666,000	27,013,000

	No. of Com. Shares †	Earn. per Share †
1987	40,806,049	\$ 1.82
1986	40,356,978	1.31
1985	37,373,786	1.09
1984	37,367,436	1.08
1983	33,714,112	0.80

† Based on the weighted average number of shares outstanding adjusted to reflect stock dividend and stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1987	\$0.26	—	2-for-1
1986	0.22	—	—
1985	0.20	—	—
1984	0.14	100%	—
1983	0.13	—	—

† Adjusted to reflect stock dividend and stock split.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 451,196,000	\$ 11.06
1986	314,119,000	7.78
1985	271,709,000	7.27
1984	237,734,000	6.36
1983	201,673,000	5.98

† Adjusted to reflect stock dividend and stock split.

Income Account *
(000's)

Year ended Jan. 31	1987	1986
Net sales	\$ 1,629,918	\$ 1,301,857
Cost of sales	1,095,584	893,874
Expenses	408,664	326,758
Interest expense	34,910	30,482
Service charge inc.	(49,479)	(36,636)
Income before taxes	\$ 140,239	\$ 87,379
Income taxes	67,300	37,300
Net Income	\$ 72,939	\$ 50,079

* Included in Costs and Expenses, Depreciation & Amortization: \$46,708,000 in 1987 and \$37,438,000 in 1986.

Assets
(000's)

As of Jan. 31	1987	1986
Cash	\$ 13,395	\$ 7,298
Short-term invest.	5,000	—
Accts. & notes receiv., net	118,937	77,055
*Inventories	257,334	226,017
Prepaid expenses & other assets	7,043	6,258
Current Assets	\$ 401,709	\$ 316,628
*Fixed assets	424,228	397,380
Invest. in Nordstrom	—	—
Credit	65,692	48,005
Other assets	322	1,380
Total Assets	\$ 891,951	\$ 763,393

Liabilities
(000's)

	1987	1986
Long-term debt, curr.	\$ 5,000	\$ 4,939
Accts. payable	119,734	94,913
Accruals	15,881	13,478
Accrued payroll and taxes	63,887	47,685
Income taxes	66,022	46,001
Curr. Liabilities	\$ 270,524	\$ 207,016
Long-term debt	116,249	195,515
Obligations under cap. leases	24,805	25,965
Deferred taxes	29,177	20,778
+ Common stock	142,432	68,190
Retained earnings	308,764	245,929
Total Liabilities & Shareholders' Equity	\$ 891,951	\$ 763,393

* At lower of cost (FIFO) or market.
* Less accumulated depreciation & amortization.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	8.60	6.71
%Net Income to Sales	4.48	3.85
%Net Income to Equity	16.17	15.94
Sales to Inventories	6.33	5.76
Debt to Equity	0.26	0.72
Working Capital	\$131,185,000	\$109,612,000
Current Ratio	1.48	1.53
Shareholders' Equity	\$451,196,000	\$314,119,000

Nortek, Inc.

50 Kennedy Plaza
Providence, Rhode Island 02903
(401) 751-1600

Officers: Ralph R. Papitto, chairman of the board & chief exec. officer; Richard L. Bready, president, chief financial & chief operating officer; Frank P. Ganzer, William J. Wind, George C. Neumann, vice presidents/group operations; J.R. Potter, v.p., general counsel & secretary; Almon C. Hall, v.p., controller & chief accounting officer; Richard J. Harris, v.p. & treasurer; Lloyd E. Brumley, v.p. & controller-operations; Eric W. Dehmel, v.p.-employee relations/administration; Bruce E. Fleming, v.p.-corp. development.

Directors: Ralph R. Papitto, chairman; Richard L. Bready, Richard J. Harris, Philip B. Brooks, Douglass N. Ellis, Jr., Thomas J. Paolino, David J. Stone, Richard H. Hochman.

Areas of Work: Through the Dixieland Lumber Company, the Company operates five retail home centers in the metropolitan San Diego area. Through these stores the Company markets a wide range of building supplies, equipment and tools to the home construction remodeling and do-it-yourself markets. Other operations are organized into three business segments. In the area of Commercial and Residential Building Products are included the fabrication and installation of glass and aluminum curtain walls, caulking and waterproofing services, home ventilation equipment, range hoods, bathroom cabinets, lighting fixtures, sound system intercoms, and heating and cooling systems. In the area of Aerospace and Industrial Products are included fasteners for military and commercial aircraft, air-powered tools and line support clamps for the aerospace and construction industries, landing gear and precision metal components, and self-contained sanitation units. In the area of Electrical Materials Products are included reinforced plastic composites, flexible steel conduit, PVC-coated conduit and flexible wiring systems, and high-performance wire and cable for the electronics, computer and communications industries.

Divisions and Subsidiaries:

Broan Mfg. Co., Inc.
P.O. Box 140
Hartford, Wisconsin 53027

Monarch Metal Products Corporation
1901 Estes Ave.
Elk Grove Village, Illinois 60007

Music & Sound, Inc.
2861 Congressman Lane
Dallas, Texas 75201

Gemair Distributors, Inc.
198 Lock Road
Deerfield Beach, Florida 33441

Jensen Industries, Inc.
1946 East Yeth Street
Los Angeles, California 90058

Dixieland Lumber Company
San Diego, California

Glassahm Engineering Corp.
7933 NW 71 St.
Miami, Florida 33166

The Major Glass Company Inc.
285 Salem St.
Woburn, Massachusetts 01888

Roman Caulking and Waterproofing Company
of Florida, Inc.
6710 NW 15th Way
Fort Lauderdale, Florida 33309

Diamond Architectural, Inc.
P.O. Box 428
27 Horton Avenue
New Rochelle, New York 10810

Aerospace Fasteners
3423 South Garfield Ave.
Los Angeles, California 90040

Custom Craft
8557 Higuera St.
Culver City, California 90230

J & M Products, Inc.
1919 Victory Place
Burbank, California 91504

Nortek, Inc.

Intertherm Inc.
Textone, Inc.
Mammoth
Governair
Temtrol
Home

Peacock Engineering
10620 Firestone Boulevard
Norwalk, California 90650

Sanitation Group
4030 Freeman Boulevard
Redondo Beach, California 90278

Chester Hrist
Salem Road
Lisbon, Ohio 44432

American Flexible Conduit Company, Inc.
55 Samuel Barnett Boulevard
New Bedford, Massachusetts 02745

The Glasic Co.
4321 Glenridge Road
Cleveland, Ohio 44121

Montrose Products
Auburn Industrial Park
Auburn, Massachusetts 01501

Acquisition(s):
Quality Aluminum Forge, Inc.
Orange, California
Manufactures aluminum precision forgings.

Norton Industries, Ltd.
Manufactures range hoods, fans, heaters, central vacuums,
door chimes, lighting fixtures and other residential products.

Universal-Rundle Corporation
Manufactures bath products, including tubs, lavatories,
faucets, fixtures, vanities, and medicine cabinets.

L.J. Smith, Inc.
Manufactures custom hardwood stairs and stair rail parts.

Mohawk Flush Doors, Inc.
Manufactures interior hollow core flush doors.

American Door Company of Michigan, Inc.
Manufactures interior hollow core flush doors.

Bend Millwork Company/Pozzi Window Co.
Manufactures exterior wood doors, insulated windows and
millwork.

Transfer Agent(s):
State Street Bank and Trust
Boston, Massachusetts 02101

Stock Exchange(s): New York

Ticker Symbol: NTK

Number of Stores: (at fiscal year end)

1986 5

Sales and Earnings

	Net Sales +	Net Income ‡
1986	\$ 962,765,000	\$ 29,000,000
1985	545,827,000	17,600,000
1984	438,669,000	16,900,000
1983	267,950,000	7,100,000
1982	119,290,000	6,300,000
	No. of Com. Shares †	Earn. per Share ‡‡
1986	16,238,000	\$ 2.00
1985	13,269,000	1.52
1984	9,123,000	1.83
1983	8,986,000	1.01
1982	5,621,000	1.19

+ Of continuing operations only.

‡ Including extraordinary loss of \$8,000,000 (\$0.55 per share) in 1986.

† Adjusted to reflect stock split.

‡‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1986	1985
Commercial & residential building products	\$ 754,268	\$ 344,546
Aerospace & industrial prods.	74,674	68,449
Elec. material prods.	107,061	103,593
Businesses sold	26,762	29,239

Total \$ 962,765 \$ 545,827

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.085	—	4-for-3
1985	0.08	—	—
1984	0.08	—	—
1983	0.08	—	—
1982	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 240,829,000	\$ 14.83
1985	177,793,000	13.40
1984	127,343,000	13.96
1983	109,775,000	12.21
1982	72,293,000	12.86

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 962,765	\$ 545,827
Cost of sales	714,434	387,096
Expenses	171,532	98,393
Interest & debt expense	68,447	46,485
Interest income	(33,048)	(20,526)
Gain on sale of secur.	(18,900)	(18,125)
Income bef. taxes	\$ 60,300	\$ 52,500
Income taxes	23,300	19,400
Inc. - cost. oper.	\$ 37,000	\$ 33,100
Loss - discont. oper.	—	(15,500)
Net Income	\$ 37,000	\$ 17,600
Extraord. loss	(8,000)	—
Net Income & extraord. loss	\$ 29,000	\$ 17,600

* Included in Costs and Expenses, Depreciation, Depletion and Amortization: \$24,939,000 in 1986 and \$13,308,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash & short-term invest.	\$ 54,359	\$ 17,023
Market securities	256,850	291,366
Accts. receiv., net	155,045	92,188
*Inventories	177,212	103,673
Current Assets	\$ 643,466	\$ 504,250
#Fixed assets	182,630	121,400
Other assets	40,135	51,001
Intangibles	134,487	78,434
Def. debt exp.	14,443	15,134
Total Assets	\$ 1,015,161	\$ 770,219

Liabilities (000's)

Long-term debt, curr.	\$ 58,938	\$ 9,624
Accts. payable	58,534	40,371
Accruals	63,955	43,816
Income taxes	5,618	3,396
Curr. Liabilities	\$ 187,045	\$ 97,207

Long-term debt	100,552	44,516
Sr. subord. debent.	250,819	246,533
Subord. debent.	92,081	137,757
Convert. debent.	117,000	45,000
Other liabilities	26,835	21,413
+ Common stock	12,347	10,015
+ Special common stock	4,056	—
Add. paid-in capital	136,703	—
Retained earnings	100,543	72,512
Treasury stock	(3,056)	(958)
Deferred comp.	(9,764)	(10,664)

Total Liabilities & Shareholders' Equity \$ 1,015,161 \$ 770,219

* At lower of cost (FIFO & LIFO) or market.

Less accumulated depreciation and depletion.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	6.26	—
%Net Income to Sales	3.84	—
%Net Income to Equity	15.36	9.90
Sales to Inventories	5.43	5.92
Debt to Equity	0.66	0.30
Working Capital	\$456,421,000	\$407,043,000
Current Ratio	3.44	5.19
Shareholders' Equity	\$240,829,000	\$177,793,000

One Price Clothing Stores, Inc.

290 Commerce Park
Highway 290
Duncan, South Carolina 29334
(803) 439-6666

Officers: Henry D. Jacobs, Jr., president; Raymond S. Waters, v.p. & treasurer; J. Randall Groves, secretary; John M. Waters, asst. secretary & asst. treasurer.

Directors: Henry D. Jacobs, Jr., Raymond S. Waters, J. Randall Groves, John M. Waters, Charles D. Mouley, Jr.

Business Activities: Operates 65 off-price women's specialty stores offering women's apparel for the uniform price of \$6. Stores are located in North Carolina, South Carolina, Georgia, Tennessee and Virginia.

Transfer Agent(s):

Citizens and Southern Trust Company (Georgia), N.A.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ONPR (NASDAQ)

Number of Stores: (at fiscal year end)

1986 65

Sales and Earnings

	Net Sales	Net Income
1986	\$ 24,999,000	\$ 2,012,000
1985	7,117,000	585,000
1984*	474,000	70,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	3,840,074	\$ 0.52
1985	3,354,287	0.17
1984*	3,111,388	0.02

* 7 months.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 2,704,000	\$ 0.70
1985	692,000	0.21
1984	100,000	0.03

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *		
Year ended Dec. 31	1986	1985
Net sales	\$ 24,999,305	\$ 7,117,068
Cost of sales	16,304,668	4,563,554
Expenses	4,794,904	1,544,649
Interest expense	6,180	263
Interest income	(45,207)	(4,113)
Other income	(25,444)	(5,939)
Income before taxes	\$ 3,964,204	\$ 1,018,654
Income taxes	1,952,000	434,000
Net Income	\$ 2,012,204	\$ 584,654

* Included in Costs and Expenses, Depreciation: \$104,254 in 1986 and \$25,564 in 1985.

Assets		
As of Dec. 31	1986	1985
Cash	\$ 3,954,244	\$ 343,594
*Inventories	1,233,893	587,888
Due from affil.	—	110,228
Prepaid expenses	23,914	14,366
Deferred inc. taxes	12,000	—
Current Assets	\$ 5,224,051	\$ 1,056,076
#Fixed assets	1,307,720	415,077
Other assets	6,540	4,782
Total Assets	\$ 6,538,311	\$ 1,475,935

Liabilities		
Accts. payable	\$ 1,694,392	\$ 215,819
Accrued payroll	97,697	44,106
Accrued taxes	41,072	17,631
Accrued sales tax	215,817	84,011
Accrued rents	285,940	64,094
Income taxes	1,423,915	338,000
Curr. Liabilities	\$ 3,758,833	\$ 763,661
Deferred inc. taxes	75,000	20,000
+ Common stock	37,649	37,649
Retained earnings	2,666,829	654,625

Total Liabilities & Shareholders' Equity	\$ 6,538,311	\$ 1,475,935
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* At lower of average unit cost (FIFO) or market.
Less accumulated depreciation.
+ \$0.01 par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	15.86	14.31
%Net Income to Sales	8.05	8.21
%Net Income to Equity	74.40	84.45
Sales to Inventories	20.26	12.11
Working Capital	\$1,465,218	\$292,415
Current Ratio	1.39	1.38
Shareholders' Equity	\$2,704,478	\$692,274

The Oshawa Group Limited

302 The East Mall
Islington, Ontario, Canada M9B 6B8
(416) 236-1971

Officers: Ray D. Wolfe, chairman of the board & chief exec. officer; Allister P. Graham, president & chief operating officer; Philip F. Connell, sr. v.p. & chief financial officer; William L. Atkinson, group v.p.-general merchandise; Jack B. Wolfe, group v.p.-food service and produce companies; Sam Crystal, v.p.-public affairs; Paul B. Nielsen, v.p.-industrial relations; Matilda Manojlov, v.p.-profit improvement; Sidney Pasoff, v.p.-management information services; Donald A. Smith, v.p.-human resources; E. Leonard Besler, controller; Leonard Eisen, treasurer; Harold J. Wolfe, secretary & general counsel.

Directors: William L. Atkinson, Allister P. Graham, Charles Perrault, Arthur J.R. Smith, Harold J. Wolfe, Harvey S. Wolfe, Philip F. Connell, Ray D. Wolfe, Jack B. Wolfe, Jonathan A. Wolfe, Donald Carr.

Business Activities: Canadian food supplier through retail outlets in Ontario, Quebec, the Atlantic provinces, Manitoba and Saskatchewan. These comprise franchise markets (including IGA markets) as well as company-owned food markets (Food City Markets, Dutch Boy Food Markets). Also a food wholesaler (Codville Distributors in Manitoba, Saskatchewan and Northwestern Ontario; Toronto Food Division in Ontario; Hudson et Deaudein limitée in Quebec and Bolands Limited in the Atlantic Provinces) and food supplier to institutional customers (Hickson-Lang Supply Company.) The Ontario Produce Company and White & Co. operate Towers Department Stores in Ontario and the Atlantic Provinces and Bonimart Department Stores in Quebec. Kent Drugs Limited, a subsidiary, operates Drug City, Metro Drugs, Discount Marts, pharmacies in Towers Department Stores. Also operates real estate subsidiaries.

Divisions and Subsidiaries:

Bolands Limited
Codville Distributors
Kent Drugs Limited
Langs Cold Storage
The Ontario Produce Company
Restaurants Division
Towers Department Stores Inc.
Hudson et Deaudein limitée
Model Laundry
Field Fresh Farms Inc.
General Manager Produce
General Manager Food Service
Dutch Boy Food Markets
Hickson-Lang Supply Company
Real Estate Division
The White & Company
Oshawa Foods
Beverage Dispenser Division
Elliott Marr and Company Limited

Transfer Agent(s):

The Canada Trust Company
Toronto, Montreal, Calgary, Vancouver and Regina

Stock Exchange(s):

Toronto, Montreal

Ticker Symbol:

OSH A

Number of Stores: (at fiscal year end)

	IGA Associates and Other Franchise Food Markets	Company- Owned Food Markets	Disc. Dept. Stores	Health & Beauty Aid Stores
1987	N.A.	103	49	—
1986	1,041	112	48	—
1985	1,012	82	48	—
1984	918	83	47	—
1983	799	77	47	—
	Convenience and Cash & Carry Stores	Restaurants and Snack Bars		
1987	N.A.	51		
1986	459	53		
1985	331	54		
1984	305	56		
1983	278	60		

	Pharmacies	Drug Marts	
1987	22	50	—
1986	23	50	—
1985	22	47	—
1984	22	46	—
1983	23	46	5

N.A. - Not Available.

Sales and Earnings		
	Net Sales (000's)	Net Income # (000's)
1987	\$ 3,526,098	\$ 47,251
1986	3,102,447	40,986
1985	2,665,774	36,179
1984	2,434,985	25,895
1983	2,118,285	18,327

	No. of Com. Shares +	Earn. per Share #2
1987	31,888,946	\$ 1.48
1986	31,856,742	1.29
1985	31,787,492	1.14
1984	31,670,984	0.92
1983	27,553,144	0.67

‡ Based on the weighted average Class A and common shares combined outstanding adjusted to reflect stock splits.

— Class A and common shares combined outstanding adjusted to reflect stock splits.

Including extraordinary gains of \$4,023,000 (\$0.12 per share) in 1987, \$126,000 (\$0.01 per share) in 1986, and \$1,415,000 (\$0.06 per share) in 1983.

Revenues By Line of Business (000's)		
	1987	1986
Food Distribution	\$ 2,979,944	\$ 2,589,526
General Merchandise	541,258	503,672
Real Estate	4,896	9,249
Total	\$ 3,526,098	\$ 3,102,447

Common Stock		
	Cash Dividend‡	Stock Dividend Split
1987	\$0.27 1/4	—
1986	0.24	—
1985	0.20 1/4	—
1984	0.16 1/2	—
1983	0.15	—

‡ Class A and common shares combined adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 299,579,000	\$ 9.39
1986	260,381,000	8.17
1985	226,084,000	7.11
1984	195,223,000	6.16
1983	142,774,000	5.18

‡ Based on the weighted average number of combined Class A and common shares outstanding adjusted to reflect stock splits.

Income Account (000's)		
Year ended	1/24/87	1/25/86
Net sales	\$ 3,526,098	\$ 3,102,447
Cost of sales & expenses	3,419,449	3,010,879
Depreciation	22,438	17,572
Interest expense	5,517	6,908
Int. & dividends earned	(4,230)	(4,077)
Income before taxes	\$ 82,924	\$ 71,165
Income taxes	39,696	30,305
Net Income	\$ 43,228	\$ 40,860
Extraord. gain	4,023	126
Net Income & extraord. gain	\$ 47,251	\$ 40,986
Assets (000's)		

As of	1/24/87	1/25/86
Cash & marketable sec.	\$ 35,158	\$ 11,945
Accts. receiv., net	103,616	96,304
Real estate held for sale	1,515	6,244
*Inventories	234,454	214,910
Prepaid expenses	7,275	5,726
Current Assets	\$ 382,018	\$ 335,129

The Oshawa Group Limited

#Fixed assets	216,332	217,534
Other assets	21,139	15,021
Total Assets	\$ 619,489	\$ 567,684

Liabilities		
(000's)		
Bank indebtedness & notes payable	\$ 30,803	\$ 31,412
Long-term debt, curr.	1,180	1,394
Accts. pay. & accruals	209,165	195,410
Income taxes payable	16,663	4,932

Curr. Liabilities	\$ 257,811	\$ 233,148
Long-term debt	43,680	56,918
Deferred inc. taxes	18,419	17,237
+ Common stock	44	44
+ Class A stock	95,877	95,248
Retained earnings	203,658	165,089

Total Liabilities & Shareholders' Equity	\$ 619,489	\$ 567,684
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* At lower of cost (FIFO) and net realizable value.
 # Less accumulated depreciation.
 + No par value.

Statistical Summary

%Income bef. Taxes to Sales	2.35	2.29
%Net Income to Sales	1.23	1.32
%Net Income to Equity	14.43	15.74
Sales to Inventories	15.04	14.44
Debt to Equity	0.15	0.34
Working Capital	\$124,207,000	\$101,981,000
Current Ratio	1.48	1.44
Shareholders' Equity	\$299,579,000	\$260,381,000

Oshkosh B'Gosh, Inc.

112 Otter Avenue
 Oshkosh, Wisconsin 54901
 (414) 231-8800

Mailing address:

P.O. Box 300
 Oshkosh, Wisconsin 54902

Officers: C.F. Hyde, president & chief exec. officer; T.R. Wyman, exec. v.p.; W.P. Jacobsen, v.p. & treasurer; J.F. Beckman, v.p.-sales; A.S. Giordano, v.p.-mfg.; S.R. Duback, secretary; K.H. Masters, asst. v.p.-mfg.; D.W. Hyde, v.p.-merchandising; M.D. Wachtel, v.p.-operations.

Directors: C.F. Hyde, W.P. Jacobsen, T.R. Wyman, S.R. Duback, J.C. Packard.

Business Activities: Manufactures and markets workwear and sportswear for adults, and casualwear and playwear for children, under the OshKosh B'Gosh and OshKosh names. Also operates nine Genuine Article factory retail outlets in six states, with the greatest number of stores (3) being located in Wisconsin.

Subsidiary:

Oshkosh B'Gosh International Sales, Inc.
 Oshkosh, Wisconsin

Transfer Agent(s):

First Wisconsin Trust Co.
 First Wisconsin Center
 P.O. Box 2054
 Milwaukee, Wisconsin 53201

Stock Exchange(s): Over-the-Counter

Ticker Symbol: GOSHA, GOSHB (NASDAQ)

Number of Stores: (at fiscal year end)

1986	9	1984	6
1985	9		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 198,197,000	\$ 20,636,000
1985	162,109,000	14,046,000
1984	137,423,000	12,853,000
1983	92,299,238	8,237,214
1982	60,969,665	5,327,200

	No. of Com. Shares +	Earn. per Share ‡
1986	7,292,900	\$ 2.83
1985	7,292,900	1.93
1984	7,296,300	1.76
1983	7,320,300	1.13
1982	7,323,160	0.73

+ Adjusted to reflect recapitalization.
 ‡ Based on the weighted average number of shares outstanding adjusted to reflect recapitalization.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.0075	—	—
1985	0.7799	—	20-for-1
1984	0.7005	—	—
1983	0.4348	—	—
1982	0.3092	—	—

+ Adjusted to reflect recapitalization.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 64,375,000	\$ 8.83
1985	47,536,000	6.52
1984	36,072,000	4.94
1983	26,153,031	3.57
1982	19,571,507	2.67

‡ Adjusted to reflect recapitalization.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 198,197,000	\$ 162,109,000
Cost of sales	131,661,000	113,511,000
Expenses	25,444,000	20,932,000
Interest expense	911,000	1,169,000
Interest income	(191,000)	(232,000)
Other income	(278,000)	(167,000)
Income before taxes	\$ 40,650,000	\$ 26,896,000
Income taxes	20,014,000	12,850,000
Net Income	\$ 20,636,000	\$ 14,046,000

* Included in Costs and Expenses, Depreciation: \$2,582,000 in 1986 and \$2,342,000 in 1985.

As of Dec. 31	1986	1985
Assets		
Cash	\$ 6,826,000	\$ 3,577,000
Accts. receiv., net	17,725,000	15,113,000
*Inventories	48,677,000	33,345,000
Prepaid expenses	417,000	204,000
Current Assets	\$ 73,645,000	\$ 52,239,000
#Fixed assets	21,096,000	16,988,000
Other assets	569,000	1,498,000
Total Assets	\$ 95,310,000	\$ 70,725,000

	1986	1985
Liabilities		
Long-term debt, curr.	\$ 1,123,000	\$ 1,140,000
Accts. payable	11,036,000	5,937,000
Dividends payable	971,000	652,000
Accruals	2,839,000	2,092,000
Income taxes	3,412,000	2,189,000
Other liabilities	2,223,000	1,585,000
Curr. Liabilities	\$ 21,604,000	\$ 13,595,000
Long-term debt	7,915,000	8,792,000

Deferred income taxes	499,000	143,000
Deferred compensation	917,000	659,000
+ Common stock:		
Class A	55,000	55,000
Class B	18,000	18,000
Add. paid-in capital	3,044,000	3,044,000
Retained earnings	61,258,000	44,419,000

Total Liabilities & Shareholders' Equity	\$ 95,310,000	\$ 70,725,000
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* At lower of cost (LIFO) or market.
 # Less accumulated depreciation.
 + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	20.51	16.59
%Net Income to Sales	10.41	8.66
%Net Income to Equity	32.06	29.55
Sales to Inventories	4.07	4.86
Debt to Equity	0.12	0.21
Working Capital	\$52,041,000	\$38,644,000
Current Ratio	3.41	3.84
Shareholders' Equity	\$64,375,000	\$47,536,000

Oshman's Sporting Goods, Inc.

2302 Maxwell Lane
 Houston, Texas 77023
 (713) 928-3171

Officers: Jeanette Oshman Efron, chairman of the board; Alvin N. Lubetkin, vice chairman of the board, chief exec. officer & chairman of the exec. committee; Marvin Aronowitz, president & chief operating officer; Joe D. Nanny, Charles Rosemond, sr. v.p.'s; Edward R. Carlin, sr. v.p. & chief financial officer; Allan Lisse, Glen B. Boyd, Edgar H. Regan, Michael B. Karchner, v.p.'s; Richard L. Bockart, v.p. & treasurer; A. Lynn Boerner, controller.

Directors: Jeanette Oshman Efron, chairman; Alvin N. Lubetkin*, Marvin Aronowitz*, Fred M. Gerson, Richard L. Bockart*, Paul Stoffel, Judy O. Margolis, Marilyn O. Lubetkin, Edward R. Carlin*, Gerald W. Bodzy.

* Member of the Executive Committee.

Business Activities: Operates a chain of sporting goods stores in Texas, Georgia, Arizona, California, Alabama, Nevada, New Mexico, Hawaii, Oklahoma, Arkansas, Tennessee, Louisiana, and Florida. Stores operate under the name Oshman's. Also operates 27 Abercrombie & Fitch stores in 13 states and Washington, D.C., offering up-scale sportswear, sporting goods equipment, and unique gift items.

Divisions:

Oshman's Sporting Goods, International
 Honsport (Hawaii)
 Abercrombie & Fitch Company
 Oshman Athletic Goods

Transfer Agent(s):

MBank Houston N.A.
 Houston, Texas

Stock Exchange(s): Over-the-Counter

Ticker Symbol: OSHM (NASDAQ)

Number of Stores: (at fiscal year end)

1987	215	1984	186
1986	209	1983	177
1985	192		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 322,900,000	\$ 2,664,000
1986	312,261,000	8,536,000
1985*	304,419,000	10,069,000
1984	283,238,000	10,303,000
1983	247,264,000	7,091,000

	No. of Com. Shares #	Earn. per Share #
1987	5,841,000	\$ 0.45
1986	5,924,000	1.40
1985*	6,406,000	1.53
1984	6,767,000	1.52
1983	6,755,000	1.05

* 53 weeks.

Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.20	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.17	—	—
1983	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 63,747,000	\$ 10.91
1986	62,938,000	10.62
1985	63,909,000	9.98
1984	61,451,000	9.08
1983	52,187,000	7.73

+ Based on the weighted average number of common shares outstanding.

Income Account * (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 322,900	\$ 312,261
Cost of sales	196,683	187,323
Expenses	118,513	111,674
Other income	(1,028)	(3,428)
Interest expense	3,708	2,556
Income before taxes	\$ 5,024	\$ 14,136
Income taxes	2,360	5,600
Net Income	\$ 2,664	\$ 8,536

* Included in Costs and Expenses. Depreciation and Amortization: \$5,446,000 in 1987 and \$5,022,000 in 1986.

Assets (000's)

As of	1/31/87	2/1/86
Cash	\$ 692	\$ 11,604
Accts. receiv., net	7,893	8,436
*Inventories	85,988	81,764
Prepaid expenses	2,632	2,436
Current Assets	\$ 97,205	\$ 104,240
#Fixed assets	35,600	37,044
Intangibles	499	598
Total Assets	\$ 133,304	\$ 141,882

Liabilities (000's)

Long-term debt, curr.	\$ 2,146	\$ 3,350
Accts. payable	27,615	25,438
Accruals	11,520	15,325
Income taxes	2,753	5,803
Curr. Liabilities	\$ 44,034	\$ 49,916
Long-term debt	21,084	25,292
Deferred inc. taxes	4,439	3,736
+ Common stock	5,841	5,924
Add. paid-in capital	1,666	1,139
Retained earnings	56,240	55,875
Total Liabilities & Shareholders Equity	\$ 133,304	\$ 141,882

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.56	4.53
%Net Income to Sales	0.83	2.73
%Net Income to Equity	4.18	13.56
Sales to Inventories	3.76	3.82
Debt to Equity	0.33	0.46
Working Capital	\$53,171,000	\$54,324,000
Current Ratio	2.21	2.09
Shareholders' Equity	\$63,747,000	\$62,938,000

Pacific Lighting Corporation

810 South Flower Street
Los Angeles, California 90017
(213) 689-3481

Officers: Paul A. Miller, chairman & chief exec. officer; James R. Ukropina, president; Lloyd A. Levitin, exec. v.p.; Willis B. Wood, Jr., exec. v.p.; Leslie E. LoBaugh, Jr., v.p. & general counsel; Stanley A. Ratzlaff, v.p. & controller; William L. Cole, Albert A. Hunt, James T. Pollard, Charles F. Weiss, vice presidents; J. Foster Hames, secretary; Leonard H. Straus, chairman & chief exec. officer-Thrifty Corporation; Richard G. Ellis, president, chief operating & financial officer-Thrifty Corporation.

Directors: Paul A. Miller, chairman; James F. Dickason, Robert R. Dockson, Ignacio E. Lozano, Jr., Joseph N. Mitchell, Mrs. John W. Myers, Joseph R. Rensch, Donald B. Rice, August H. Schilling, Rocco C. Siciliano, William F. Smith, Leonard H. Straus, James R. Ukropina, Daniel G. Volkmann, Jr., James H. Zumbege.

Business Activities: A holding company whose subsidiaries are involved in the operation of a natural gas distribution utility, specialty retailing, oil and gas exploration and production, land development, interstate and offshore natural gas transmission, alternate energy, and financial services, including leasing of equipment.

Through its Thrifty Corporation subsidiary, the Company operates a chain of drug and discount stores in the Pacific region under the names "Thrifty Drug and Discount Stores" and "Thrifty Jr." Also operates sporting goods stores under the names "Big S," "Michigan Sporting Goods" and "Gart Bros." in the Pacific region as well as in Michigan, Illinois and Ohio.

Retail Subsidiary:

Thrifty Corporation
3424 Wilshire Boulevard
Los Angeles, California 90010
(213) 251-6000

Transfer Agent(s):

Pacific Lighting Corporation
Los Angeles, California

Stock Exchange(s): New York, Pacific.

Ticker Symbol: PLT

Number of Stores:

	Drug and Discount	Sporting Goods
1986	594	118
1985	555	86
1984	542	71
1983	537	65
1982	533	62

Sales and Earnings

	Revenues	Net Income
1986	\$ 5,323,757	\$ 83,605,000
1985	6,487,985	186,656,000
1984	6,080,739	165,151,000
1983	5,774,289	189,167,000
1982	5,485,275	151,223,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	58,103,000	\$ 1.34
1985	55,551,000	3.25

1984	53,207,000	2.99
1983	49,115,000	3.73
1982	45,848,000	3.17

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Utility	\$ 3,615,350	\$ 4,797,351
Specialty retailing	1,554,790	1,404,851
Oil & gas exploration	120,701	163,830
Land development	342,144	322,154
Other	544,813	685,282
Adjust. for revenues of subsid.	(358,782)	(333,978)
Intersegment	(495,259)	(551,505)
Total	\$ 5,373,757	\$ 6,487,985

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$3.48	—	—
1985	3.36	—	—
1984	3.20	—	—
1983	3.04	—	—
1982	2.82	—	—

Common Stock Equity

	Total Equity † (000's)	Equity Per Share ‡
1986	\$ 1,547,400	\$ 26.63
1985	1,559,171	28.07
1984	1,498,542	28.16
1983	1,370,564	25.76
1982	1,099,958	23.99

† After allowing for preferred stock at stated values.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Revenues	\$ 5,323,757	\$ 6,487,985
Other income	44,349	62,104
Total income	\$ 5,368,106	\$ 6,550,089
Cost of sales	3,234,999	4,273,529
Expenses	1,267,597	1,291,763
Depreciation, depletion & amortization	205,056	209,195
Franchise payments	96,373	125,485
Interest expense	172,739	164,539
Write-down of oil & gas props.	227,200	—
Thrifty acq. exp.	10,553	—
Loss on gas supply proj.	—	75,482
Preferred div. of a subsid.	7,226	7,230
Income before taxes	\$ 146,363	\$ 402,866
Income taxes	62,758	216,210
Net Income	\$ 83,605	\$ 186,656

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 7,553	\$ 19,810
Short-term invest.	56,000	12,855
Accts. receiv., net	493,686	651,616
Refundable taxes	8,888	1,403
Inventories	484,323	354,042
Regulatory balancing accts.	312,077	—
Prepaid expenses	37,155	24,441
Current Assets	\$ 1,399,682	\$ 1,074,167
Investments	386,573	364,424
Long-term notes receiv.	44,927	60,320
#Fixed assets	3,039,661	2,990,630

Pacific Lighting Corporation

Recov. gas supply proj. costs	39,663	54,924
Other assets	109,535	88,943
Total Assets	\$ 5,020,041	\$ 4,633,408

Liabilities (000's)		
Short-term debt	\$ 468,900	\$ 80,538
Long-term debt, curr.	38,043	46,385
Accts. payable	592,190	630,251
Accrued taxes	77,786	160,867
Regulatory balancing accts.	—	24,202
Accrued interest	64,325	46,159
Deferred income taxes	187,374	46,860
Other current liabilities	63,821	61,880

Curr. Liabilities	\$ 1,492,439	\$ 1,097,142
Long-term debt	1,365,870	1,358,034
Cap. lease oblig.	61,678	50,880
Deferred inc. taxes	151,747	200,352
Deferred invest. credit	94,322	98,135
Other deferred credits	116,151	79,157
Preferred stocks of subsidiary	80,394	80,482
Preferred stock	110,040	110,055
Common stock	855,139	758,647
Retained earnings	736,091	837,724
Deferred comp.-Emp. stock owner plan	(43,830)	(37,200)

Total Liabilities & Shareholders' Equity	\$ 5,020,041	\$ 4,633,408
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* Less accumulated depreciation and amortization.

Statistical Summary

%Income bef. Taxes to Sales	2.75	6.21
%Net Income to Sales	1.57	2.88
%Net Income to Equity	5.04	11.18
Sales to Inventories	10.99	18.33
Debt to Equity	1.17	0.92
Shareholders' Equity	\$1,657,440,000	\$1,669,226,000

Parisian, Inc.

1101 North 26th Street
Birmingham, Alabama 35234
(205) 251-1300

Officers: Emil C. Hess, chairman of the board; Donald E. Hess, president & chief executive officer; Harold L. Abrams, exec. v.p., chief operating officer, secretary & treasurer; Tom R. Amerman, sr. v.p.-personnel and loss prevention; D. Warren Bailey, sr. v.p.-finance & chief financial officer; Jim W. Adams, v.p.-stores & sales promotion; Howard R. Finkelstein, v.p. & gen. mdse. mgr.; John W. Parrott, v.p.-operations; Sandra K. Purvis, v.p. & gen. mdse. mgr.; Kenneth R. Scarborough, v.p.-info. systems; Gary A. Smith, v.p.-distribution & controller.

Directors: Emil C. Hess, chairman of the board; Donald E. Hess, Harold L. Abrams, Neal R. Berte, Drayton Nabers, Jr.

Business Activities: Operates a chain of 15 specialty department stores in Alabama, Georgia and Florida under the name "Parisian." These stores offer medium-to-higher priced fashion apparel, shoes and accessories for men, women and children, and cosmetics.

Transfer Agent(s):

AmSouth Bank, N.A.
P.O. Box 11426
Birmingham, Alabama 35202

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PASN (NASDAQ)

Number of Stores: (at fiscal year end)

1987	15	1984	10
1986	13	1983	10
1985	12		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 226,364,000	\$ 9,592,000
1986	184,385,000	8,257,000
1985	166,973,000	5,303,000
1984	135,603,000	6,059,000
1983	122,981,000	3,674,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	7,228,000	\$ 1.33
1986	6,740,000	1.23
1985	6,740,000	0.79
1984	5,886,000	1.01
1983	5,655,000	0.64

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 80,052,000	\$ 11.08
1986	52,109,000	7.73
1985	43,852,000	6.51
1984	38,550,000	5.55
1983	18,143,000	3.21

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 226,363,737	\$ 184,385,045
Cost of sales	132,444,545	107,442,765
Expenses	66,245,998	53,605,707
Other oper. expenses	14,697,488	12,177,479
Interest expense	2,910,426	2,283,946
Interest income	(6,983,520)	(5,817,413)
Other income	(328,178)	(203,948)
Income before taxes	\$ 17,376,908	\$ 14,836,509
Income taxes	7,785,000	6,640,000
Net Income	\$ 9,591,908	\$ 8,256,509

* Included in Costs and Expenses, Depreciation and Amortization: \$5,323,158 in 1987 and \$3,517,936 in 1986.

As of	1/31/87	2/1/86
Cash	\$ 955,560	\$ 1,457,798
Accts. receiv., net	65,961,733	54,433,836
Refundable taxes	—	932,663
Inventories	37,892,630	31,878,726
Prepaid expenses	5,667,937	8,346,123
Current Assets	\$ 110,477,860	\$ 97,049,146
Fixed assets	50,253,848	28,896,440
Funds restricted for future construc.	—	5,500,000
Other assets	2,617,755	2,185,386
Total Assets	\$ 163,349,463	\$ 133,630,972

	Liabilities	
Long-term debt, curr.	\$ 1,257,900	\$ 1,288,947
Accts. payable	12,138,917	12,381,697
Accrued store rent	1,540,310	1,722,830
Income taxes	1,979,522	12,685
Sales tax payable	3,322,901	2,770,826
Deferred income taxes	12,586,158	12,431,158
Other current liabilities	3,748,815	2,807,818

Curr. Liabilities	\$ 36,574,523	\$ 33,417,981
Long-term debt	40,722,701	43,982,152
Deferred inc. taxes	4,915,308	3,112,307
Other liabilities	1,084,589	1,009,549
+ Common stock	74,928	67,399
Add. paid-in capital	33,229,205	14,885,283
Retained earnings	46,748,209	37,156,301

Total Liabilities & Shareholders' Equity	\$ 163,349,463	\$ 133,630,972
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* At lower of cost (LIFO & average) or market.
‡ Less accumulated depreciation and amortization.
+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.68	8.08
%Net Income to Sales	4.24	4.48
%Net Income to Equity	11.98	15.84
Sales to Inventories	5.97	5.78
Debt to Equity	0.52	0.87
Working Capital	\$73,903,337	\$63,631,165
Current Ratio	3.02	2.90
Shareholders' Equity	\$80,052,342	\$52,108,983

Paul Harris Stores, Inc.

6003 Guion Road
P.O. Box 68162
Indianapolis, Indiana 46268
(317) 293-3900

Officers: Gerald Paul, chairman & chief executive officer; David R. Bomberger, president; Ron Covin, exec. v.p. & chief merchandise officer; Edward J. Galm, sr. v.p.-finance & treasurer; Howard W. Barnett, v.p.-real estate; Russell Frankel, v.p.-stores planning & construction; Cynthia Harris, v.p.-merchandising; Paul G. Cavalli, v.p.-marketing; William L. Lawrence, Jr., v.p. & controller; Ray Miller, asst. treasurer; Richard Smithson, v.p.-merchandising; Charles Armstrong, v.p.-physical distribution; Robert Bishop, v.p.-tactical distribution; Babette Hayslett, v.p.-merchandising; C. Benjamin Dutton, asst. secretary; James Stancil, dir.-stores.

Directors: Earl Harris, Gerald Paul, Eugene L. Step, Allen J. Boorstein, William E. Fruhan, David R. Bomberger, Irwin Katz, Tomio Taki.

Business Activities: Operates 214 retail clothing stores primarily for the fashion-conscious woman in the 18 to 35 age group, in 31 states and the District of Columbia, under the name Paul Harris. Also operates 39 discount clothing stores for men and women under the name Clothes Out Junction stores, and 20 sportswear retail stores for women under the name Pats.

Transfer Agent(s):

Merchants National Bank
One Merchants Plaza
Indianapolis, Indiana 46277

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PHRS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	273	1983	171
1985	223	1982	172
1984	190		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 160,966,000	\$ 6,157,000
1986	125,864,000	4,757,000
1985	111,175,000	4,019,000
1984	101,053,000	3,398,000
1983	90,385,858	706,083

	No. of Com. Shares +	Earn. per Share +
1987	6,045,000	\$ 1.02
1986	5,525,000	0.86
1985	4,966,000	0.81
1984	4,432,000	0.77
1983	3,566,000	0.20

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	2-for-1

1985	—	—
1984	—	4-for-3

Common Stock, Equity

	Total Equity	Equity Per Share \$
1987	\$ 44,746,000	\$ 7.40
1986	37,939,000	6.87
1985	22,912,000	4.61
1984	18,773,000	4.24
1983	10,671,774	2.99

‡ Adjusted to reflect stock splits.

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 160,966,000	\$ 125,864,000
Cost of sales	101,715,000	79,599,000
Expenses	42,098,000	33,818,000
Depreciation	4,319,000	3,124,000
Interest expense	1,439,000	876,000

Income before taxes	\$ 11,395,000	\$ 8,447,000
Income taxes	5,238,000	3,690,000

Net Income	\$ 6,157,000	\$ 4,757,000
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Assets

As of	1/31/87	2/1/86
Cash & short-term invest.	\$ 2,959,000	\$ 404,000
Accts. receiv., net	852,000	1,272,000
*Inventories	38,532,000	33,228,000
Prepaid expenses	691,000	272,000

Current Assets	\$ 43,034,000	\$ 35,176,000
#Fixed assets	33,300,000	24,881,000
Other assets	606,000	383,000

Total Assets	\$ 76,940,000	\$ 60,440,000
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Liabilities

Long-term debt, curr.	\$ 903,000	\$ 222,000
Accts. payable	9,169,000	7,014,000
Accruals	1,967,000	1,500,000
Accrued payroll	1,732,000	1,299,000
Income taxes payable	59,000	155,000

Curr. Liabilities	\$ 13,830,000	\$ 10,190,000
Long-term debt	16,843,000	11,125,000
Deferred inc. taxes	1,521,000	1,186,000
+ Common stock	13,969,000	13,509,000

+ + Class B Common stock	157,000	192,000
Add. paid-in capital	4,142,000	3,917,000
Retained earnings	26,478,000	20,321,000

Total Liabilities & Shareholders' Equity	\$ 76,940,000	\$ 60,440,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

+ + No par value; \$0.10 stated value.

Statistical Summary

%Income bef. Taxes to Sales	7.08	6.71
%Net Income to Sales	3.83	3.78
%Net Income to Equity	13.76	12.54
Sales to Inventories	4.18	3.79
Debt to Equity	0.38	0.30
Working Capital	\$29,204,000	\$24,986,000
Current Ratio	3.11	3.45
Shareholders' Equity	\$44,746,000	\$37,939,000

Mailing Address:

P.O. Box 8808
Kent, Washington 98031-0480

Officers: David J. Heerensperger, chairman of the board & chief exec. officer; Marshall J. Weigel, vice chairman; Jerry L. Marlow, president & chief operating officer; Richard T. Takata, sr. v.p.-store merchandising; Peter W. Gallina, sr. v.p.-real estate & store development; Victor W. Crosswhite, v.p.-purchasing; Douglas G. Southern, v.p.-finance & secretary-treasurer; Calvin E. Karbowski, v.p.-distribution; George E. Smith, v.p.-training; Fred R. Brotherton, v.p. & controller; Barbara I. Collett, v.p.-personnel & labor relations; Herbert E. McCleary, v.p.-advertising; Paul B. Morris, v.p.-store planning & design; Richard E. Fried, v.p.-marketing.

Directors: David J. Heerensperger, chairman; Woodrow C. Button, Marshall J. Weigel, Jerry L. Marlow, Monte A. Loen, Jerry Horn.

Areas of Work: Operates a chain of stores which features a complete line of home improvement products, including electrical and plumbing supplies, building materials, cabinets and built-in appliances. Stores are located in 17 western and mid-western states, including Alaska and Hawaii.

Transfer Agent(s):

Security Pacific National Bank
Los Angeles, California

Stock Exchange(s): New York

Ticker Symbol: PNP

Number of Stores: (at fiscal year end)

1987	107	1984	100
1986	106	1983	98
1985	101		

Sales and Earnings

	Revenues	Net Income
1987	\$ 398,422,000	\$ 5,686,000
1986	333,782,000	8,168,000
1985	305,185,000	10,105,000
1984	250,040,235	10,024,899
1983	187,337,902	6,368,044
	No. of Com. Shares +	Earn. per Share ‡
1987	10,002,832	\$ 0.57
1986	10,002,832	0.82
1985	10,002,832	1.01
1984	10,002,832	1.11
1983	7,652,830	0.87

+ Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986	1985	1984
Electrical	21%	21%	25%	28%
Plumbing	20	22	22	23
Building materials	51	52	50	49
Garden supplies	8	5	3	—
Total	100%	100%	100%	100%

Common Stock

	Cash Dividend \$	Stock Dividend	Stock Split
1987	\$0.52	—	—
1986	0.63	—	—
1985	0.60	—	—
1984	0.56	—	3-for-2
1983	0.507	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 100,127,000	\$ 10.01
1986	99,643,000	9.96

1985	97,776,000	9.77
1984	93,673,204	9.36
1983	47,430,094	6.20

+ Adjusted to reflect stock split.

Income Account

Year ended Feb. 28	1987	1986
Revenues	\$ 398,422,000	\$ 333,782,000
Cost of sales	262,995,000	219,684,000
Expenses	96,080,000	77,763,000
Rent	9,854,000	7,524,000
Depreciation	10,110,000	8,260,000
Interest expense	7,379,000	5,432,000
Other interest	771,000	656,000

Income before taxes	\$ 11,233,000	\$ 14,463,000
Income taxes	5,547,000	6,295,000

Net Income	\$ 5,686,000	\$ 8,168,000
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Assets

As of Feb. 28	1987	1986
Cash	\$ 5,791,000	\$ 3,723,000
Accts. & notes receiv., net	2,199,000	2,954,000
Inc. taxes receiv.	—	1,169,000
*Inventories	106,493,000	107,127,000
Prepaid expenses	1,735,000	1,535,000

Current Assets	\$ 116,218,000	\$ 116,508,000
#Fixed assets	111,588,000	104,775,000
Other assets	2,303,000	1,731,000

Total Assets	\$ 230,109,000	\$ 223,014,000
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Liabilities

Payable to bank	\$ 522,000	\$ 6,325,000
Notes payable	22,255,000	20,475,000
Long-term debt, curr.	1,842,000	1,801,000
Accts. payable	28,830,000	16,124,000
Accruals	1,583,000	1,657,000
Accrued payroll & prof. sh.	2,837,000	3,885,000
Income taxes	566,000	312,000
Other taxes	3,198,000	2,103,000

Curr. Liabilities	\$ 61,633,000	\$ 52,682,000
Long-term debt	60,948,000	64,270,000
Deferred income taxes	6,067,000	5,338,000
Deferred income	1,334,000	1,081,000
+ Common stock	67,722,000	67,722,000
Retained earnings	32,405,000	31,921,000

Total Liabilities & Shareholders' Equity	\$ 230,109,000	\$ 223,014,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation & amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Revenues	2.82	4.33
%Net Income to Revenues	1.43	2.45
%Net Income to Equity	5.68	8.20
Debt to Equity	0.61	0.93
Working Capital	\$ 54,495,000	\$63,826,000
Current Ratio	1.89	2.21
Shareholders' Equity	\$100,127,000	\$99,643,000

Pay 'N Pak Stores, Inc.

1209 South Central
Kent, Washington 98032
(206) 854-5450

Pay'n Save Inc.

(SeaCorp, Inc. and Zimmerman Retailing Group Limited each own 40.6% of the Company's outstanding common stock.)

4045 Delridge Way S.W.
P.O. Box C-47255
Seattle, Washington 98146
(206) 938-6500

Pay'n Save Inc.

Officers: William Zimmerman, chairman of the board; Gerald Nathanson, vice chairman, president & chief executive officer; Kevin Regan, exec. v.p. & chief financial officer; Elmer DeFilippo, sr. v.p.-marketing, Pay'n Save Stores Inc.; Ronald Fleisher, sr. v.p.-merchandising, Pay'n Save Stores Inc.; Mary W. Smith, president-The Bi-Mart Company; Kristopher S. Galvin, v.p.-finance & treasurer; Kinne F. Hawes, v.p., general counsel & secretary.

Directors: William Zimmerman, chairman of the board; Gerald Nathanson, Richard S. Cohen, William S. Elkus, Charles R. Engles, John Lass, Kenneth D. Moelis, Eddie Trump.

Business Activities: Operates 140 drug marts under the Pay'n Save and Bi-Mart name in eight Western states, including Alaska and Hawaii.

Subsidiaries:

Pay'n Save Stores Inc.
The Bi-Mart Company
PNS Inc.

Transfer Agent(s):

MLBank Dallas
P.O. Box 22415
Dallas, Texas 75265

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PAYN (NASDAQ)

Number of Stores: (at fiscal year end)

1986	140	1983	307
1985	N.A.	1982	293
1984	315		

N.A. - Not Available.

NOTE: Pay'n Save is a corporate joint venture, with approximately 40.6% of its outstanding stock owned by each of SeaCorp, Inc. and Zimmerman Retailing Group Ltd. with the remainder publicly owned pursuant to a public offering July 1986. The joint venture was formed on Nov. 2, 1985 upon its acquisition of the operations of PSI from Seattle Standard Corporation (SSC), the parent of SeaCorp.

Sales and Earnings

	Net Sales	Net Income
11/1/86	\$ 555,098,000	\$ (49,363,000)
11/2/85 +	755,325,000	(17,893,000)
10/12/84*	475,269,000	4,856,000
1/28/84*	674,411,000	15,668,000
1/29/83*	602,979,000	11,844,000

No. of Com. Shares | Earn. per Share \$

11/1/86	17,250,000	\$ —
11/2/85 +	14,000,000	—

(Loss)

* 34 weeks.

+ Pay'n Save & Bi-Mart subsequent to SSC acquisition.

* Pay'n Save & Bi-Mart prior to SSC acquisition.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
11/1/86	\$ 103,503,000	\$ 6.00
11/2/85	105,000,000	7.50

Income Account * (000's)

Year ended	11/1/86
Net sales	\$ 555,098
Cost of sales	418,332
Expenses	159,652
Interest expense	26,477
Net Loss	\$ (49,363)

* Included in Costs and Expenses, Depreciation and Amortization: \$9,330,000 in 1986.

Assets (000's)

As of	11/1/86	11/2/85
Cash	\$ 14,834	\$ 8,633
Marketable securities	34,571	—
Accts. receiv., net	5,627	2,152
*Inventories	190,976	137,698
Prepaid expenses	584	743
Notes receiv. from stockholders	—	53,000
Current Assets	\$ 246,592	\$ 202,226
#Fixed assets	171,895	116,108
Other assets	13,534	966
Intangibles	114,397	99,868
Total Assets	\$ 546,418	\$ 419,168

Liabilities (000's)

Long-term debt, curr.	\$ 2,662	\$ 66,277
Short-term debt	—	66,868
Accts. payable	53,527	48,788
Accrued payroll	7,416	4,750
Payable to affil.	4,789	—
Accrued interest	9,295	892
Other accruals	11,866	2,804
Curr. Liabilities	\$ 89,555	\$ 190,379
Long-term debt	297,156	85,383
Oblig. under cap. leases	45,195	38,360
Other liabilities	709	46
Redeem. preferred stock	10,300	—
+ Common stock	17,250	14,000
Add. paid-in capital	135,616	91,000
Retained earnings (def.)	(49,363)	—
Total Liabilities & Shareholders' Equity	\$ 546,418	\$ 419,168

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

Sales to Inventories	2.91	—
Debt to Equity	3.33	2.45
Working Capital	\$157,037,000	\$ 11,847,000
Current Ratio	2.75	1.06
Shareholders' Equity	\$103,503,000	\$105,000,000

Payless Cashways, Inc.

2301 Main
P.O. Box 466
Kansas City, Missouri 64141-0466
(816) 471-5500

Officers: David Stanley, chairman & chief executive officer; Larry P. Kunz, president & chief operating officer; Richard E. Hemer, sr. v.p.-development; Stephen A. Lightstone, sr. v.p.-finance & chief financial officer; Larry Koeppen, sr. v.p.-operations/systems; John H. Breedlove, sr. v.p.-merchandising; Dale C. Pond, sr. v.p.-marketing; Stanley K. Boyd, sr. v.p.-store operations; Michael H. Didier, v.p.-facility development; Susan Stanton, sr. v.p.-administration/corporate planning; David O'Halloran, v.p. & controller; John Woodfill, v.p. & treasurer; Jean Warren, asst. treasurer; Linda J. French, general counsel & secretary; James A. Bryan, v.p.-distribution & transportation; Bradley J. Talley, v.p.-mgmt. info. sytems; James M. Lavender, v.p.-merchandising; James C. Neustand, v.p.-advertising; John Fischer, Michael T. Largent, Roger L. Weverka, Kristan R. Maynard, regional v.p.'s.

Directors: J. Stanley Covey, V.W. Furrow, Leon E. Hickman, David Stanley, F. John Roost, Edward C. Thompson, John D. Dienes, Ralph Strangis, Richard E. Hemer, Melvin Cohen, Larry P. Kunz, Gary D. Rose.

Business Activities: Full-line building materials specialty retailer concentrating its sales efforts on the do-it-yourself market. At 1986 year-end, the Company operated Payless Cashways, Furrow, Lumberjack, Hugh M. Woods, Somerville

Lumber, and Knox Lumber building material stores in 23 Midwestern, Southwestern, New England, and Pacific Coast states.

Subsidiaries:

Prime Home Improvement Centers, Inc.
Somerville Lumber and Supply Co., Inc.

Acquisition:

Knox Home Centers, Inc.
St. Paul, Minnesota
Operates 10 building materials retail stores in Minnesota, Montana, North Dakota, and South Dakota.

Transfer Agent(s):

Norwest Bank Des Moines, N.A.
Des Moines, Iowa

Bradford Trust Company
New York, New York

Norwest Bank Minneapolis, N.A.
Minneapolis, Minnesota

Stock Exchange(s): New York

Ticker Symbol: PCI

Number of Stores: (at fiscal year end)

1986	181	1983	115
1985	179	1982	100
1984	157		

Sales and Earnings

	Net Sales*	Net Income
1986	\$1,527,729,000	\$ 42,352,000
1985	1,389,735,000	38,086,000
1984	1,175,583,000	7,116,000
1983	1,006,795,000	40,635,000
1982	721,832,000	29,207,000

No. of Com. Shares ‡

1986	34,646,000	\$ 1.22
1985	34,101,000	1.12
1984	32,333,000	1.15
1983	32,252,000	1.26
1982	29,651,000	0.98

* Includes other income.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.12	—	2-for-1
1982	0.10	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 369,818,000	\$ 10.67
1985	332,941,000	9.76
1984	257,235,000	7.96
1983	231,127,000 +	7.17
1982	166,823,000	5.63

+ After allowing for preferred stock at par value.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account (000's)

Year ended	11/29/86	11/30/85
Net sales	\$ 1,525,648	\$ 1,388,416
Other income	2,081	1,319
Total income	\$ 1,527,729	\$ 1,389,735

Cost of sales	1,041,678	954,248
Expenses	359,223	324,588
Depreciation & amortization	29,453	25,217
Interest expense	15,019	17,655
Inc. bef. taxes	\$ 82,356	\$ 68,027
Income taxes	40,004	29,941
Net Income	\$ 42,352	\$ 38,086

As of	11/29/86	11/30/85
Cash & cash equip.	\$ 14,864	\$ 15,056
Accts. receiv., net	8,494	6,550
*Inventories	275,849	233,577
Prepaid & other assets	12,185	5,041
Current Assets	\$ 311,392	\$ 260,224
*Fixed assets	362,881	311,822
Other assets	35,169	33,767
Total Assets	\$ 709,442	\$ 605,813

Liabilities (000's)		
Bank advance	\$ 8,000	\$ 3,500
Long-term debt, curr.	6,854	4,009
Accts. payable	101,915	70,322
Accruals	28,553	22,692
Accrued payroll	17,356	14,201
Income taxes	501	5,462
Other taxes	14,195	10,076
Payroll taxes	2,308	1,578
Curr. Liabilities	\$ 179,682	\$ 131,840
Long-term debt	132,424	119,657
Deferred inc. taxes	27,518	21,375
+ Common stock	17,323	17,322
Add. paid-in capital	103,969	103,902
Retained earnings	248,526	211,717
Total Liabilities & Shareholders' Equity	\$ 709,442	\$ 605,813

* At lower of cost (LIFO and FIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$0.50 par value.

Statistical Summary		
%Income bef. Taxes		
to Sales	5.40	4.90
%Net Income to Sales	2.78	2.74
%Net Income to Equity	11.45	11.44
Sales to Inventories	5.53	5.94
Debt to Equity	0.36	0.37
Working Capital	\$131,710,000	\$128,384,000
Current Ratio	1.73	1.97
Shareholders' Equity	\$369,818,000	\$332,941,000

Paysaver Catalog/Showrooms, Inc.

98 Lower Westfield Road
 Holyoke, Massachusetts 01040
 (413) 536-4500

Officers: Mortimer A. Polep, chairman of the board & treasurer; Charles L. Polep, president; James A. Polep, sr. v.p.; William A. Randall, Otto Palazzi, Anne Polep, Gerald Shible, Stephen Peskin, v.p.'s; David A. Shnair, secretary.

Directors: Mortimer A. Polep, Charles L. Polep, James Polep.

Areas of Work: Operates four catalog/showrooms in Western Massachusetts selling jewelry, gift, photo equipment, stereo components, small appliances, luggage, gifts, toys and home computers. The Company has a limited mail order service and handles limited industrial and bank promotions as well as some wholesale sales.

Transfer Agent(s):
 Registrar and Transfer Company
 10 Commerce Drive
 Cranford, New Jersey 07016

Stock Exchange(s): Boston

Ticker Symbol: PCS

Number of Stores: (at fiscal year end)

1987	4	1984	5
1986	5	1983	4
1985	5		

Sales and Earnings			
	Net Sales +	Net Income †	
1987	\$ 19,655,306	\$ (666,749)	
1986	17,805,300	(297,472)	
1985	15,667,611	(34,947)	
1984	13,951,185	116,628	
1983	13,076,417	37,078	
	No. of Com. Shares	Earn. per Share ‡	
1987	1,418,850	\$ —	
1986	1,419,450	—	
1985	1,423,650	—	
1984	1,425,150	0.08	
1983	1,429,150	0.03	

(Loss)
 + Of continuing operations only.
 † Including extraordinary gains of \$52,074 (\$0.04 per share) in 1986 and \$56,006 (\$0.04 per share) in 1985.
 ‡ Based on the weighted average number of shares outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1987	\$ 1,918,646	\$ 1.35
1986	2,586,370	1.82
1985	2,888,042	2.03
1984	2,924,208	2.05
1983	2,807,580	1.97

‡ Based on the weighted average number of shares outstanding.

Income Account *		
Year ended	1/28/87	2/22/86
Net sales	\$ 19,655,306	\$ 17,805,300
Cost of sales	14,757,359	13,213,715
Expenses	4,854,848	4,599,031
Interest expense	263,657	295,862
Lease buyout income	(109,873)	—
Abandonment of leasehold improvements	—	26,580
Inventory adjust.	614,540	—
Interest income	(25)	(146)
Loss before taxes	\$ (725,200)	\$ (329,742)
Income taxes (credit)	(58,451)	19,804
Net Loss	\$ (666,749)	\$ (349,546)
Extraord. gain	—	52,074
Net Loss & extraord. gain	\$ (666,749)	\$ (297,472)

* Included in Costs and Expenses, Depreciation and Amortization: \$163,295 in 1987 and \$156,454 in 1986.

Assets		
As of	2/28/87	2/22/86
Cash	\$ 31,272	\$ 52,874
Accts. receiv., net	368,539	390,551
*Inventories	5,862,590	7,015,659
Income taxes-refundable	—	52,074
Prepaid expenses	110,801	122,981
Current Assets	\$ 6,373,202	\$ 7,634,139
*Fixed assets	586,482	720,315
Deferred legal fees	6,221	6,553
Total Assets	\$ 6,965,905	\$ 8,361,007
Liabilities		
Notes payable	\$ 2,714,823	\$ 2,775,317
Accts. payable & accruals	1,848,403	2,167,486
Other taxes	7,407	10,002
Curr. Liabilities	\$ 4,570,633	\$ 4,952,805

Long-term debt	476,626	763,381
Deferred income taxes	—	58,451
+ Common stock	52,000	52,000
Add. paid-in capital	889,738	889,738
Retained earnings	1,038,657	1,705,406
Treasury stock	(61,749)	(60,774)

Total Liabilities & Shareholders' Equity	\$ 6,965,905	\$ 8,361,007
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* At cost (FIFO) determined by the retail inventory method.
 ‡ Less accumulated depreciation and amortization.
 + \$0.03 1/2 par value.

Statistical Summary		
Sales to Inventories	3.35	2.54
Debt to Equity	1.66	1.37
Working Capital	\$1,802,569	\$2,681,334
Current Ratio	1.39	1.54
Shareholders' Equity	\$1,918,646	\$2,586,370

Penn Traffic Company

(Acquired by PTC Holdings, Inc. on April 22, 1987)

319 Washington Street
 Johnstown, Pennsylvania 15901
 (814) 536-4411

Officers: Guido Malacarne, president & chief executive officer; Robert A. Allen, Raymond J. Heath, Richard P. Reading, vice presidents; John M. Kriak, v.p., secretary & treasurer; John F. Stewart, controller, asst. secretary & asst. treasurer.

Directors: Guido Malacarne, Gary D. Hirsch, Eugene A. DePalma.

Areas of Work: Operates two supermarket companies. The Riverside Division operates under the Riverside Markets, BILLO Foods and U-Save Markets names. Quality Markets, Inc., a wholly-owned subsidiary, operates supermarkets under the name Quality Markets. Supermarkets are located in central and northwestern Pennsylvania and southwestern New York. Also is a wholesaler to 46 independently owned and operated markets, all of which operate under the Riverside name, and operates a dairy business.

Divisions:
 Sani-Dairy Division
 Johnstown, Pennsylvania

Riverside Supermarket Division
 DuBois, Pennsylvania

Subsidiaries:
 Quality Markets, Inc.
 101 Jackson Avenue W.E.
 Jamestown, New York 14701
 (716) 664-6010

Acquisition:
 Glosser Bros., Inc.
 Operates U-Save Markets.

Number of Stores: (at fiscal year end)			
1987	64	1984	75
1986	50	1983	69
1985	56		

Sales and Earnings			
	Net Sales \$	Net Income	
1987	\$ 547,991,000	\$ 7,300,000	
1986	510,479,000	6,567,000	
1985	541,765,000	3,852,000	
1984	518,898,000	6,402,000	
1983	462,425,000	5,360,000	
	No. of Com. Shares #	Earn. per Share	
1987	4,148,967	\$ 1.76	
1986	4,140,852	1.59	

Penn Traffic Company

1985	4,214,228	0.91
1984	4,203,442	1.52
1983	4,242,692	1.26

‡ Including leased departments and service fees.

* Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1987	1986
Supermarkets	\$ 540,028,000	\$ 486,303,000
Dairy	54,163,000	46,915,000
Unallocated items	(46,200,000)	(22,739,000)
Total	\$ 547,991,000	\$ 510,479,000

Common Stock

	Cash # Dividend	Stock Dividend	Stock Split
1987	\$0.66	—	2-for-1
1986	0.60	—	—
1985	0.60	—	—
1984	0.60	—	—
1983	0.60	—	—

* Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
1987	\$ 62,321,000	\$ 15.02
1986	57,903,000	13.98
1985	54,400,000	12.91
1984	53,571,000	12.74
1983	49,674,000	11.71

* Adjusted to reflect stock split.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 547,991	\$ 510,479
Other income	7,991	5,888
Total Income	\$ 555,982	\$ 516,367
Cost of sales	448,815	418,736
Expenses	87,380	81,543
Interest expense	3,580	3,432
Prov. for store closings	83	943
Merger expense	2,204	—
Income before taxes	\$ 13,920	\$ 11,713
Income taxes	6,620	5,146
Net Income	\$ 7,300	\$ 6,567

* Included in Costs and Expenses, Depreciation and Amortization: \$11,265,000 in 1986 and \$9,870,000 in 1985.

Assets (000's)

As of	1/31/87	2/1/86
Cash	\$ 9,123	\$ 5,227
Accts. receiv., net	8,929	8,460
*Inventories	32,859	26,533
Prepaid expenses	1,512	703
Current Assets	\$ 52,423	\$ 40,923
Marketable secur. & bonds	148	159
†Oblig. under cap. lease	15,731	15,802
‡Fixed assets	73,468	65,085
Defer. charges	4,879	2,128
Rest. debt funds	8,101	—
Total Assets	\$ 154,750	\$ 124,097

Liabilities (000's)

Notes payable	\$ 280	\$ 308
Mortgage notes payable, curr.	2,967	2,814

Current portion of oblig. under cap. leases	1,456	1,276
Accts. payable	20,452	15,123
Accruals	1,804	1,715
Accrued payroll	6,740	4,390
Taxes	1,713	1,756
Curr. Liabilities	\$ 35,412	\$ 27,382
Oblig. under cap. leases	18,436	18,244
Mortgage notes payable, non-curr.	30,888	14,000
Deferred inc. taxes	7,693	5,649
Other liab.	—	919
+ Common Stock	5,728	2,864
Add. paid-in capital	1,652	4,740
Retained earnings	38,095	53,532
Treasury stock	(3,154)	(3,233)
Total Liabilities & Shareholders' Equity	\$ 154,750	\$ 124,097

* At lower of cost (FIFO) or market. Supermarket inventories stated at LIFO.

† Less accumulated depreciation.

‡ Less accumulated amortization.

+ \$1.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.54	2.29
%Net Income to Sales	1.33	1.29
%Net Income to Equity	11.71	11.34
Sales to Inventories	16.68	19.24
Debt to Equity	0.87	0.63
Working Capital	\$17,011,000	\$13,541,000
Current Ratio	1.48	1.49
Shareholders' Equity	\$62,321,000	\$57,903,000

J.C. Penney Company, Inc.

1301 Avenue of the Americas
New York, New York 10019
(212) 957-4321

Officers: William R. Howell, chairman of the board; Robert B. Gill, vice chairman; David F. Miller, president-J.C. Penney stores & catalog; Ralph B. Henderson, Thomas J. Lyons, exec. v.p.'s; sr. v.p.'s: Rodney M. Birkins-director of catalog; Robert Capone-director of technical operations; Albert W. Driver, Jr.-secretary & general counsel; Richard T. Erickson-director of corporate personnel; A. Scott Frahllich-director of J.C. Penney stores; John A. McConville-director of merchandise; Robert E. Northam-chief financial officer; John A. Wells-director of corporate marketing; v.p.'s: Robert O. Amick-controller; A. Howard Amon, Jr.-director of real estate; Charles L. Brown-director of auditing; James P. Bryant-director of corporate taxes; William D. Friel, director of systems & data processing; Thomas B. Fox-director of European operations; Donald A. McKay, treasurer; Joseph J. DeMello-director of insurance; William R. Johnson-director of public affairs & company communications; Ted L. Spurlock-director of credit & consumer banking services; George M. Stone-director of government relations; Robert J. Keller, director of construction services; Michael T. Todres, director of distribution; C. Kenneth Ogg, director of operations, services and inventory management for J.C. Penney stores.

Directors: William M. Ellinghaus, William R. Howell, Boris Yavitz, Walter B. Wriston, Clifton C. Garvin, Jr., Donald V. Seibert, Vernon E. Jordan, Jr., Juanita M. Kreps, Edward J. Mortola, Jane C. Pfeiffer, Colby H. Chandler, Robert B. Gill, David B. Meeker, David F. Miller, Joseph D. Williams, George Nigh.

Business Activities: Operates a nationwide chain of department stores including catalog operations under the name J.C. Penney. Full line Penney stores sell lines of apparel, home and automotive merchandise; soft line Penney stores sell principally apparel and household textile merchandise. Also operates a chain of Thrift Drug and The Treasury Drug Center stores and conducts consumer financial services. Has expanded its retail operations to Europe, with stores in Belgium, which operate under the name Sarma.

Subsidiaries:

J.C. Penney Properties, Inc.
J.C. Penney Financial Corporation

J.C. Penney Casualty Insurance Company
J.C. Penney Life Insurance Company
J.C. Penney Europe, Inc.
Sarma, S.Q. (Belgium)
Great American Reserve Insurance Company
(96.8% owned)
J.C. Penney Investors Services, Inc.
JCP Realty, Inc.
J.C. Penney International Finance Corporation
Sarma-Penney Ltd.
J.C. Penney International, Inc.
J.C. Penney Overseas Finance N.V.
J.C. Penney National Bank

Transfer Agent(s):

J.C. Penney Company, Inc.
Securityholder Services
Pittsburgh Accounting Center
P.O. Box 407
Pittsburgh, Pennsylvania 15230

Registrar and Transfer Co.
61 Broadway, Room 1412
New York, New York 10006

Stock Exchange(s): New York, Brussels, Antwerp

Ticker Symbol: JCP

Number of Stores: (at fiscal year end)

	Penney Stores	Catalog Centers	Drug Stores	Belgian Stores
1986	1,403	1,825	390	52
1985	1,482	1,739	374	53
1984	1,570	1,810	369	55
1983	1,597	1,805	359	58
1982	1,631	1,818	353	62

Sales and Earnings

	Net Sales + (000's)	Net Income † (000's)
1986	\$ 14,740,000	\$ 530,000
1985	13,747,000	397,000
1984	13,451,000	435,000
1983	12,078,000	467,000
1982	11,414,000	392,000

	No. of Com. Shares	Earn. per Share ‡†
1986	75,000,000	\$ 7.06
1985	75,000,000	5.31
1984	74,000,000	5.81
1983	74,000,000	6.25
1982	73,000,000	5.35

† Including extraord. loss of \$52,000,000 (\$0.69 per share) in 1986.

‡ Based on the average number of shares outstanding.

+ Of continuing operations only.

Revenues By Line of Business (000's)

	1986	1985
J.C. Penney Stores	\$ 12,888,000	\$ 12,165,000
Catalog	2,332,000	2,090,000
Other retail oper.	1,350,000	1,113,000
Intercompany elim.	(1,830,000)	(1,531,000)
Total	\$ 14,740,000	\$ 13,747,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$2.48	—	—
1985	2.36	—	—
1984	2.36	—	—
1983	2.16	—	—
1982	2.00	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	\$ 4,340,000	\$ 57.87
1985	4,051,000	54.01
1984	3,812,000	51.26

Peoples Jewellers Limited

1983	3,559,000	47.93
1982	3,228,000	43.94

Income Account * (000's)

Year ended	1/27/87	1/28/86
Net sales	\$ 14,740,000	\$ 13,747,000
Cost of sales	9,786,000	9,240,000
Expenses	3,679,000	3,454,000
Interest expense	350,000	370,000
Income before taxes	\$ 925,000	\$ 683,000
Income taxes	428,000	297,000
Inc. of unconsol. subsid.	(33,000)	(11,000)
Net Income	\$ 530,000	\$ 397,000
Extraord. loss	(52,000)	—
Net Income & extraord. loss	\$ 478,000	\$ 397,000

* Included in Costs and Expenses, Depreciation and Amortization: \$229,000,000 in 1986 and \$212,000,000 in 1985.

Assets (000's)

As of	1/27/87	1/28/86
Cash	\$ 639,000	\$ 158,000
Accts. receiv., net	4,614,000	4,504,000
*Inventories	2,168,000	2,298,000
Prepaid expenses	111,000	117,000
Current Assets	\$ 7,532,000	\$ 7,077,000
Investments	406,000	372,000
*Fixed assets	2,919,000	2,812,000
Other assets	331,000	261,000
Total Assets	\$ 11,188,000	\$ 10,522,000

Liabilities (000's)

Accts. payable & accruals	\$ 1,489,000	\$ 1,282,000
Short-term debt	597,000	740,000
Long-term debt, curr.	484,000	—
Deferred taxes	142,000	701,000
Curr. Liabilities	\$ 2,712,000	\$ 2,723,000
Long-term debt	2,655,000	3,099,000
Deferred credits	1,481,000	649,000
+ Common stock	961,000	929,000
Reinvested earnings	3,379,000	3,122,000
Total Liabilities & Shareholders' Equity	\$ 11,188,000	\$ 10,522,000

* At lower of cost (LIFO) or market.
Less accumulated depreciation.
+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.28	4.97
%Net Income to Sales	3.24	2.89
%Net Income to Equity	11.01	9.80
Sales to Inventories	6.80	5.98
Debt to Equity	0.61	0.95
Working Capital	\$4,820,000,000	\$4,354,000,000
Current Ratio	2.78	2.60
Shareholders' Equity	\$4,340,000,000	\$4,051,000,000

Pennington's Stores Limited

40 Samor Road
Toronto, Ontario M5A 1J6
Canada
(416) 789-7700

Officers: William Drevnig, chairman; Sol Arnel, president; Jack Sherman, v.p.; Emanuel Asher, sr. v.p.; William Farewell, v.p.-finance & treasurer; Gerald McCulloch, v.p.-merchandising, Canada; Martin Kovnos, secretary.

Directors: Sol Arnel, Donald Carr, William Drevnig, William Biggar, Jack Sherman, Mark Vansittart.

Business Activities: Operates a chain of stores selling large-sized women's apparel in Canada and eight states in the U.S.

Transfer Agent(s):

The Canada Trust Company
110 Yonge Street
Toronto, Canada M5C 1T4

Stock Exchange(s): Toronto

Ticker Symbol: PNS

Number of Stores: (at fiscal year end)

1986	163	1983	128
1985	155	1982	126
1984	144		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 96,166,659	\$ 7,566,891
1986	86,171,452	6,885,434
1985	72,289,548	4,720,595
1984	60,291,594	3,913,312
1983	52,151,431	2,897,789

No. of Com. Shares

1987	4,133,000	\$ 1.83
1986	4,131,000	1.67
1985	4,102,000	1.13
1984	4,075,000	0.91
1983	4,073,000	0.66

+ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$1.31	—	—
1986	0.20	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.30	—	—

Common Stock Equity

	Total Equity	Equity Per share
1987	\$ 31,260,398	\$ 7.56
1986	29,096,597	7.04
1985	22,887,988	5.58
1984	21,275,782	5.22
1983	18,394,744	4.52

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 96,166,659	\$ 86,171,452
Cost of sales & expense	79,121,444	71,610,753
Depreciation	1,891,706	1,765,101
Invest. income	(510,370)	(402,748)
Income before taxes	\$ 15,663,879	\$ 13,198,346
Income taxes	8,096,988	6,312,912
Net Income	\$ 7,566,891	\$ 6,885,434

Assets

As of	1/31/87	2/1/86
Cash	\$ 12,135,916	\$ 11,695,689
*Inventories	16,231,409	14,823,826
Prepaid expenses & sundry assets	1,273,127	848,540
Current Assets	\$ 29,640,452	\$ 27,368,055
*Fixed assets	11,419,542	10,743,741
Intangibles	947,089	947,089
Total Assets	\$ 42,007,083	\$ 39,058,885

Liabilities

Accts. payable & accruals	\$ 8,999,550	\$ 7,641,674
Income taxes	1,615,123	2,219,827
Curr. Liabilities	\$ 10,614,673	\$ 9,861,501
Deferred inc. taxes	132,012	100,787
+ Common stock	343,675	334,675
Retained earnings	30,916,723	28,761,922
Total Liabilities & Shareholders' Equity	\$ 42,007,083	\$ 39,058,885

* At lower of average cost or market (net realizable value, less normal profit margin.)

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	16.29	15.32
%Net Income to Sales	7.87	7.99
%Net Income to Equity	24.21	23.66
Sales to Inventories	5.92	5.81
Working Capital	\$19,025,779	\$17,506,554
Current Ratio	2.79	2.78
Shareholders' Equity	\$31,260,398	\$29,096,597

Peoples Jewellers Limited

1440 Don Mills Road
Don Mills, Ontario, Canada M3B 3M1
(416) 441-1515

Officers: Bertrand Gerstein, chairman of the board; Marvin Gerstein, vice chairman; Irving R. Gerstein, president; Richard A. Field, v.p.-real estate; Phyllis M. McAllister, secretary; Roger P. Picotte, v.p.-operations, Mappings Division; Kenneth N. Nevison, v.p.-operations, Peoples Division; Charles F. Gill, sr. v.p.-finance & administration; Nicholas I. White, sr. v.p.-merchandising & operations.

Directors: Bertrand Gerstein, Irving R. Gerstein, Marvin Gerstein, Sydney M. Hermant, Phyllis McAllister, Henry N.R. Jackman, James Gillies, Bruce Lockwood, Charles F. Gill, Nicholas I. White.

Business Activities: Operates a chain of jewelry stores in Canada. Stores operate under the names: Peoples Jewellers, Mappings, Gordon Jewellers and MacKenzie's in Canada.

Subsidiaries:

Zale Corporation (50%-owned)
Irving, Texas

Transfer Agent(s):

Guaranty Trust Company of Canada
88 University Avenue
Toronto, Ontario, Canada

Stock Exchange(s): Toronto

Ticker Symbol: PCJT (Toronto), PCJQ (Toronto, Class A)

Number of Stores: (at fiscal year end)

1986	296	1983	290
1985	302	1982	282
1984	309		

Sales and Earnings †

	Net Sales	Net Income +
1986	\$ 184,837,000	\$ 1,779,000
1985	177,736,000	7,738,000
1984	175,130,000	9,412,000
1983	145,014,000	(144,000)
1982	127,220,000	(6,196,000)
	No. of Com. Shares	Earn. per Share ‡ +
1986	9,433,401	\$ 0.20
1985	8,151,701	1.08

Peoples Jewellers Limited

1984	6,730,501	1.35
1983	6,730,101	—
1982	4,130,101	—

(Loss)

† In Canadian dollars.

+ Including extraordinary gain of \$1,000,000 (\$0.11 per share) in 1986.

‡ Based on the weighted average number of Class A and common shares outstanding combined.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.30	—	—
1985	0.30	—	—
1984	0.15	—	—
1983	0.15	—	—
1982	0.60	—	—

† In Canadian dollars.

Common Stock Equity †

	Total Equity ‡	Equity Per Share
1986	\$ 128,550,000	\$ 13.53
1985	110,159,000	13.39
1984	90,133,000	13.21
1983	76,574,000	11.28
1982	51,304,000	12.42

† In Canadian dollars.

‡ After allowing for preferred stock at stated value.

Income Account † (000's)

Year ended Aug. 31	1986	1985
Net sales	\$ 184,837	\$ 177,736
Cost of sales & exp.	161,355	157,034
Depreciation & amortization	5,240	4,719
Interest expense	4,664	5,852
Income before taxes	\$ 13,578	\$ 10,131
Income taxes	5,400	3,300
Eq. in earn. of Zale Corp.	7,399	(907)
Net Income	\$ 779	\$ 7,738
Extraord. gain	1,000	—
Net Income & extraord. gain	\$ 1,779	\$ 7,738

† In Canadian dollars.

Assets † (000's)

As of Aug. 31	1986	1985
Cash	\$ 73	\$ 79
Accts. receiv., net	1,483	1,923
*Inventories	128,397	113,885
Prepaid expenses	2,341	2,293
Long-term receiv., curr.	—	3,870
Current Assets	\$ 132,294	\$ 122,050
Investments	88,955	88,496
Loan to employees	2,336	10,437
*Fixed assets	33,517	31,547
Other assets	3,524	2,946
Total Assets	\$ 260,626	\$ 255,476
Liabilities (000's)		
Bank indebtedness	\$ 34,353	\$ 45,170
Accts. payable	28,716	24,996
Income & other taxes	2,549	2,837
Long-term debt, curr.	78	5,765
Curr. Liabilities	\$ 65,696	\$ 78,768

Long-term debt	64,464	64,509
+ Preferred stock, Series B	1,916	2,040
+ Class A common stock	77,687	63,017
+ Common stock	82	82
Retained earnings	37,860	38,721
Currency trans. adj.	12,921	8,339

Total Liabilities & Shareholders' Equity \$ 260,626 \$ 255,476

† In Canadian dollars.

* At lower of cost (FIFO) or net realizable value.

‡ Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes		
to Sales	7.35	5.70
%Net Income to Sales	0.42	4.35
%Net Income to Equity	0.60	6.90
Sales to Inventories	1.44	1.55
Debt to Equity	0.76	1.03
Working Capital	\$ 66,598,000	\$ 43,282,000
Current Ratio	2.01	1.55
Shareholders' Equity	\$130,466,000	\$112,199,000

The Pop Boys—Manny, Moe & Jack

3111 Allegheny Avenue
Philadelphia, Pennsylvania 19132
(215) 229-9000

Officers: Benjamin Strauss, chairman & chief executive officer; Mitchell G. Leibovitz, president & chief operating officer; Scott R. Isdner, exec. v.p.; Philip Adcock, v.p.-western store operations; M. James Bryce, sr. v.p.-store operations; Michael J. Holden, sr. v.p.-finance, treasurer & secretary; Kenneth R. Naish, v.p.-southwestern store operations; Samuel W. McGarvey, sr. v.p.-merchandising; Thomas R. McSorley, v.p.-southeastern store operations; Michael J. O'Hara, v.p.-marketing; Matthew J. Story, v.p.-eastern store operations; Wilbert B. Dubin, asst. v.p.-merchandising; Laverne G. Hennessey, asst. v.p.-western warehousing and distribution; Donald K. Denbo, asst. v.p.-legal; Bernard K. McElroy, asst. treasurer; Stuart M. Rosenfeld, asst. v.p.-eastern warehousing and distribution; v.p.-mgmt. info. systems; Frederick A. Stampone, asst. v.p.-administration.

Directors: Edward H. Rosen, Lester Rosenfeld, Robert P. Strauss, Benjamin Strauss, Walter G. Arader, Henry A. Gladstone, Bernard J. Korman, Herbert W. Leonard, Mitchell G. Leibovitz, David V. Wachs, Scott R. Isdner.

Business Activities: Operates auto supply and accessory stores in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, California, the District of Columbia, Arizona, New Mexico, Texas and Nevada.

Transfer Agent(s):

The Philadelphia National Bank
Philadelphia, Pennsylvania

Stock Exchange(s): New York

Ticker Symbol: PBY

Number of Stores: (at fiscal year end)

1987	177	1984	124
1986	159	1983	111
1985	135		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 485,899,000	\$ 28,148,000
1986	388,914,000	21,100,000
1985	348,350,000	18,340,000
1984	305,835,000	15,542,000
1983	265,408,000	12,112,000

No. of Com. Shares

1987	18,075,496	\$ 1.55
1986	15,704,644	1.29
1985	7,833,084	1.17

1984	7,824,984	1.00
1983	7,466,484	0.81

+ Adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.215	—	—
1986	0.195	—	2-for-1
1985	0.17	—	—
1984	0.145	—	—
1983	0.125	—	2-for-1 & 3-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 206,178,000	\$ 11.41
1986	130,439,000	8.31
1985	111,977,000	7.15
1984	96,226,000	6.15
1983	74,608,000	5.00

+ Adjusted to reflect stock splits.

Income Account

Year ended Jan. 31	1987	1986
Net sales	\$ 485,899,000	\$ 388,914,000
Other income	4,736,000	3,642,000
Total Income	\$ 490,635,000	\$ 392,556,000
Cost of sales	312,649,000	251,907,000
Expenses	109,253,000	89,001,000
Depreciation & amortization	10,478,000	8,141,000
Interest expense	2,843,000	4,578,000
Income before taxes	\$ 55,412,000	\$ 38,929,000
Income taxes	27,264,000	17,829,000
Net Income	\$ 28,148,000	\$ 21,100,000

Assets

As of Jan. 31	1987	1986
Cash	\$ 4,295,000	\$ 3,232,000
Marketable securities	65,578,000	3,516,000
Accts. receiv., net	2,868,000	2,105,000
*Inventories	73,552,000	58,698,000
Prepaid expenses & other	3,237,000	10,799,000
Current Assets	\$ 149,530,000	\$ 77,250,000
Investments & advances	3,033,000	2,144,000
*Fixed assets	226,706,000	177,606,000
Total Assets	\$ 379,269,000	\$ 257,000,000

Liabilities

Long-term debt, curr.	\$ 1,235,000	\$ 1,569,000
Accts. payable	36,289,000	26,629,000
Accruals	11,738,000	14,031,000
Inc. taxes payable	1,774,000	1,072,000
Def. income taxes	—	4,744,000
Payable to banks	7,761,000	—
Curr. Liabilities	\$ 58,797,000	\$ 48,045,000
Long-term debt	25,888,000	19,994,000
Defer. inc. taxes	13,406,000	8,522,000
Conv. subord. debentures	75,000,000	50,000,000
+ Common stock	18,076,000	15,705,000
Add. paid-in capital	61,428,000	12,478,000
Retained earnings	126,674,000	102,256,000
Total Liabilities & Shareholders' Equity	\$ 379,269,000	\$ 257,000,000

* At lower of cost (LIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	11.40	10.01
%Net Income to Sales	5.79	5.43

%Net Income to Equity	13.65	16.18
Sales to Inventories	6.61	6.63
Debt to Equity	0.13	0.17
Working Capital	\$ 90,733,000	\$ 29,205,000
Current Ratio	2.54	1.61
Shareholders' Equity	\$206,178,000	\$130,439,000

Perry Drug Stores, Inc.

5400 Perry Drive
P.O. Box 1957
Pontiac, Michigan 48056
(313) 334-1300

Officers: Jack A. Robinson, chairman of the board & president; Mickey Kole, sr. v.p. & president-Drugstore Division; Alvin Wander, exec. v.p. & chief financial officer; Frederick C. Seeley, sr. v.p.-real estate; Allen J. Deniro, president-Health Care Division; Jack M. Gallagher, sr. v.p. & president-Auto Parts Division; Daniel C. Klaiber, v.p.-human resources; Peter T. Murray, v.p.-corp. planning & development; Robert A. Berlow, v.p., secretary & gen. counsel; John P. Frazzini, v.p.-management information systems; Kenton R. Allard, asst. v.p.-productivity; Berl Falbaum, v.p.-corporate communications; Robert Christopher Dodge, asst. v.p.-employee relations; James H. Fowler, asst. v.p.-facilities development; Dennis W. Schack, treasurer; Robert A. Shapiro, v.p.-professional affairs; Gene Swink, v.p.-distribution; William M. Locey, asst. v.p.-distribution; Laura LaBene, v.p.-finance; Paul H. Goldsmith, asst. v.p.-real estate; Joseph B. McCabe, asst. v.p.-corp. security; M. Nagarajan, asst. v.p.-mgmt. info. systems.

Directors: Jack A. Robinson, chairman; Donald Fox, Alvin Wander, Terence E. Adderley, Thomas O. Fox, C. Boyd Stockmeyer, Samuel Frankel, John A. Bacon, Jr., Frederick C. Seeley, Dr. Claude R. Martin, Jr., Walter J. McCarthy, Jr.

Business Activities: Operates a chain of retail drug stores, auto parts stores, and health care products and testing services in Michigan, Illinois, Indiana, Kentucky, Missouri, Ohio, West Virginia and Wisconsin. Also supplies equipment and surgical products to hospitals and physicians.

Transfer Agent(s):

National Bank of Detroit
Detroit, Michigan

Stock Exchange(s):

New York

Ticker Symbol:

PDS

Number of Stores: (at fiscal year end)

1986	437	1983	183
1985	372	1982	125
1984	256		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 647,987,000	\$ 5,878,000
1985	521,615,352	9,575,229
1984	371,890,521	7,649,998
1983	285,502,457	4,545,220
1982	244,272,174	2,868,120

No. of Com. Shares \$ Earn. per Share \$

1986	9,985,000	\$ 0.59
1985	9,809,187	0.98
1984	8,470,609	0.90
1983	6,716,692	0.68
1982	5,863,245	0.49

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.22	—	—
1985	0.19	—	3-for-2

1984	0.16	—	—
1983	0.13	—	3-for-2
1982	0.12	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 81,570,000	\$ 8.17
1985	76,782,903	7.79
1984	67,202,099	7.07
1983	53,707,437	6.51
1982	25,611,065	4.33

‡ Adjusted to reflect stock splits.

Income Account *

Year ended Oct. 31	1986	1985
Drugstore	\$ 486,988,000	\$ 383,315,177
Automotive	145,485,000	127,117,880
Other	15,514,000	11,182,295
Total Income	\$ 647,987,000	\$ 521,615,352
Cost of sales & expenses	629,202,000	501,343,308
Interest expense	10,074,000	6,276,815
Income before taxes	\$ 8,711,000	\$ 13,995,229
Income taxes	2,833,000	4,420,000
Net Income	\$ 5,878,000	\$ 9,575,229

* Included in Costs and Expenses, Depreciation and Amortization: \$8,450,000 in 1986 and \$6,172,600 in 1985.

Assets

As of Oct. 31	1986	1985
Cash	\$ 6,735,000	\$ 7,412,418
Accts. receiv., net	20,445,000	18,638,981
Inventories	146,049,000	129,348,065
Prepaid expenses	11,468,000	8,955,980
Current Assets	\$ 184,697,000	\$ 164,355,444
#Fixed assets	85,423,000	68,598,139
Intangibles & other assets	29,777,000	29,534,285
Total Assets	\$ 299,897,000	\$ 262,487,868

Liabilities

Long-term debt, curr.	\$ 1,551,000	\$ 1,640,706
Accts. payable	66,982,000	70,295,024
Income taxes & other accruals	13,776,000	10,675,617
Curr. Liabilities	\$ 82,309,000	\$ 82,611,347
Long-term debt	122,305,000	91,732,725
Oblig. under cap. leases	4,373,000	4,695,924
Deferred inc. taxes	8,274,000	5,745,000
Minority interest	1,066,000	919,969
+ Common stock	499,000	493,110
Add. paid-in capital	42,602,000	41,512,064
Retained earnings	38,469,000	34,777,729
Total Liabilities & Shareholders' Equity	\$ 299,897,000	\$ 262,487,868

* At lower of cost (primarily LIFO) or market.

Less accumulated depreciation.

+ \$0.05 par value.

Statistical Summary

%Income bef. Taxes to Revenues	1.34	2.68
%Net Income to Revenues	0.91	1.84
%Net Income to Equity	7.21	12.47
Debt to Equity	2.37	1.28
Working Capital	\$102,388,000	\$81,744,097
Current Ratio	2.24	1.99
Shareholders' Equity	\$ 81,570,000	\$76,782,903

Petrie Stores Corporation

70 Enterprise Avenue
Secaucus, New Jersey 07094
(201) 866-3660

Officers: Milton J. Petrie, chairman of the board, president & chief exec. officer; Hilda Kirschbaum Gerstein, vice chairman; Dorothy Fink Stern, sr. v.p.-merchandising; Jean Roberts, sr. v.p.-store operations; Jay Galin, sr. v.p. & pres.-G & G Shops, Inc.; Peter A. Left, sr. v.p., secretary & chief financial officer; Alan Laufgraben, sr. v.p. & pres.-"Plus" Size Stores; Nancy Barrett, Edward Citro, Beverly Evans, S. Betty Kennedy, Daniel Maresca, Samuel David Polese, Dorothy Spencer, Umberto Gallo, Robert Lind, Murray Robins, Robert Sandberg, Bernard Apple, Edward Milford, Thomas Reynolds, Patricia Tyner, Scott Galin, Ronald P. Leonetti, Matthew Miller, sr. v.p.'s; Barbara Clickenger, Mary Ellen Colbert, Ellen DeLosh, Robert Donahue, Robert Olaszewski, Ruth Parzen, Phyllis Sichert, Judith Herman, Barbara Tink, Michelle Alexander, Lydia Bay, Pamela Beech, Debra Citro, Maureen Crowley, Robert King, Toni Schostak Kaye, Joseph Savini, Kathy Connolly Shea, Lester Sokolower, Ronald Swerdlow, Melissa Whitehead, Karen Williams, Conrad Cichy, Sharon Gottlieb, James Hellman, Irving King, Victoria Komar, Louis Mascolo, Jean Ponder, Milton Quinones, Brigitte Krauss Reis, Jennifer Ridgely, Emanuel Valenzuela, Angela Zimmer, v.p.'s; Michael J. Jackson, v.p. & controller.

Directors: Milton J. Petrie, chairman; Hilda Kirschbaum Gerstein, Jean Roberts, Dorothy Fink Stern, H. Fred Krimendahl, II, Jay Galin, Joseph H. Flom, Laurence A. Tisch.

Business Activities: Operates clothing stores in 48 states specializing in moderate-price apparel for teen, junior and contemporary miss customers. Stores are also located in the Virgin Islands, Puerto Rico, and the District of Columbia. Stores operate under the names Petrie's, Marianne, Stuarts, G & G, Hartfield's, Winkelman's, Jean Nicole, Three Sisters, M. J. Carroll, and Rave.

Transfer Agent(s):

First Jersey National Bank
Jersey City, New Jersey

Stock Exchange(s):

New York

Ticker Symbol:

PST

Number of Stores: (at fiscal year end)

1987	1,474	1984	953
1986	1,345	1983	871
1985	1,360		

Sales and Earnings

	Net Sales	Net Income ‡
1987	\$1,198,391,000	\$ 73,691,000
1986	1,160,845,717	77,901,803
1985	951,105,659	54,643,000
1984	625,575,724	47,597,859
1983	566,682,198	45,442,062

No of Com. Shares # Earn. per Share ‡

1987	46,766,000	\$ 1.58
1986	42,977,486	1.81
1985	42,180,834	1.30
1984	41,621,930	1.14
1983	40,680,834	1.12

‡ Including extraordinary gain of \$2,700,000 (\$0.31 per share) in 1983.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend ‡	Stock Dividend	Stock Split
1987	\$0.70	—	—
1986	0.70	—	2-for-1
1985	0.70	—	—
1984	0.70	—	—
1983	0.70	—	—

‡ Adjusted to reflect stock split.

Petrie Stores Corporation

Common Stock		Equity
	At Equity	Per Share †
1987	\$ 517,758,000	\$ 11.07
1986	476,714,523	11.09
1985	322,673,407	7.65
1984	297,556,987	7.15
1983	251,585,712	6.18

† Adjusted to reflect stock split.

Income Account *		
Year ended Jan. 31	1987	1986
Net sales	\$1,198,391,000	\$1,160,845,717
Other income	11,630,000	8,652,136
Total income	\$1,210,021,000	\$1,169,497,853
Cost of sales	856,497,000	822,450,504
Expenses	230,677,000	210,015,810
Interest expense	38,383,000	31,961,115
Equity earnings	(38,111,000)	(28,696,379)
Income before taxes	\$ 122,575,000	\$ 133,766,803
Income taxes	48,884,000	55,865,000
Net Income	\$ 73,691,000	\$ 77,901,803

* Included in Costs and Expenses, Depreciation and Amortization: \$43,165,000 in 1987 and \$35,592,326 in 1986.

Assets		
As of Jan. 31	1987	1986
Cash	\$ 5,948,000	\$ 1,962,493
Marketable securities	155,036,000	209,310,963
Accts. receiv., net	22,839,000	20,283,128
*Inventories	110,577,000	112,582,755
Prepaid expenses & other assets	2,023,000	2,102,646
Current Assets	\$ 296,423,000	\$ 346,241,985
#Fixed assets	325,125,000	257,593,010
Net assets acquired	110,182,000	113,122,477
Other assets	375,256,000	330,236,890
Total Assets	\$1,106,986,000	\$1,047,194,362

Liabilities		
Notes payable & cap. lease oblig., curr.	\$ 171,000	\$ 153,805
Accts. payable	16,450,000	14,627,633
Accruals	32,980,000	27,980,559
Income taxes	8,525,000	12,531,696
Deferred inc. taxes	5,219,000	4,602,000
Curr. Liabilities	\$ 63,345,000	\$ 59,895,693
Oblig. under cap. lease	655,000	826,146
Deferred inc. taxes	50,323,000	34,768,000
Subord. exch. debent.	474,905,000	474,990,000
+ Common stock	46,768,000	46,767,756
Add. paid-in capital	93,916,000	93,896,345
Retained earnings	377,249,000	336,293,921
Treasury stock	(175,000)	(243,499)
Total Liabilities & Shareholders' Equity	\$1,106,986,000	\$1,047,194,362

* At lower of cost or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	10.23	11.52
%Net Income to Sales	6.15	6.71
%Net Income to Equity	14.23	16.34
Sales to Inventories	10.84	10.31
Working Capital	\$233,078,000	\$286,346,292
Current Ratio	\$4.68	5.78
Shareholders' Equity	\$517,758,000	\$476,714,523

Phillips-Van Heusen Corporation

1290 Avenue of the Americas
New York, New York 10104
(212) 541-5200

Officers: Lawrence S. Phillips, chairman & president; Edward H. Cohen, v.p. & gen. counsel; Michael Frenkel, v.p. & counsel; Albert R. Bongiovi, v.p., controller & secretary; Bert G. Cox, Walter C. Zambrovitz, Bruce J. Klatsky, Murray Weinberg, v.p.'s; William J. Bloom, treasurer.

Directors: Lawrence S. Phillips*, chairman; Shirley Goodman Brown, Bert G. Cox, David L. Holzman, William S. Scolnick, Steven L. Osterweis, Alfred P. Slaner, Estelle Ellis, Ellis E. Meredith, Bruce J. Klatsky*, Edward H. Cohen.

* Member of the Executive Committee.

Area of Work: Operates retail stores selling apparel and men's and women's apparel manufacturing companies.

Divisions and Subsidiaries:

Retail Division:

Kennedy's
7 stores in Massachusetts and Rhode Island.

Hamburger's
12 stores in Maryland, Pennsylvania and Delaware.

Juster's
6 stores in Minnesota.

Harris & Frank
19 stores in California and Nevada.

PVH Outlet Stores
111 stores in 25 states in the East and Midwest.

Manufacturing Divisions:

PVH Somerset Company
The Van Heusen Group of Companies
Somerset Knitting Mills, Inc.
The Joseph & Feiss Company
Private Label Sportswear Group

Transfer Agent(s):

Chase Manhattan Bank, N.A.
1 New York Plaza
New York, New York 10081

Stock Exchange(s): New York

Ticker Symbol: PVH

Number of Stores: (at fiscal year end)

1986	156	1983	59
1985	107	1982	65
1984	99		

Sales and Earnings

	Net Sales †	Net Income
1987	\$ 514,386,696	\$ 20,100,853
1986	550,428,164	15,935,344
1985	590,787,183	15,297,966
1984	505,885,420	17,262,224
1983	454,975,342	8,757,340
	No. of Com. Shares ‡	Earn. per Share +
1987	6,197,853	\$ 3.18
1986	6,146,475	2.54
1985	6,092,475	2.44
1984	6,056,870	2.94
1983	5,651,876	1.54

† Includes operating revenues.

‡ Adjusted to reflect stock split.

+ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business
(000's)

	1987	1986
Manufacturing	\$ 380,939	\$ 437,142
Retail	133,448	113,286
Total	\$ 514,387	\$ 550,428

Common Stock		Stock	Stock
	Cash Dividend +	Dividend	Split
1987	\$0.40	—	—
1986	0.40	—	—
1985	0.40	—	—
1984	0.325	—	2-for-1
1983	0.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 164,522,000	\$ 26.54
1986	150,676,000	24.65
1985	137,567,000	22.58
1984	124,465,000	20.55
1983	103,473,000	18.31

+ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1987	1986
Net sales & rev.	\$ 514,386,696	\$ 550,428,164
Cost of sales	349,891,844	396,041,467
Expenses	120,833,411	114,934,174
Other expense	909,577	2,127,988
Interest expense	4,297,011	7,937,191
Income before taxes	\$ 38,454,853	\$ 29,387,344
Income taxes	18,354,000	13,452,000
Net Income	\$ 20,100,853	\$ 15,935,344

* Included in Costs and Expenses, Depreciation and Amortization: \$5,187,259 in 1987 and \$4,962,733 in 1986.

Assets		
As of Jan. 31	1987	1986
Cash	\$ 19,266,689	\$ 15,712,218
Commercial paper	7,000,000	7,000,000
Receiv., net	62,742,965	67,161,494
*Inventories	106,970,758	105,254,063
Other current assets	3,675,654	1,054,074
Current Assets	\$ 199,656,066	\$ 196,181,849
#Fixed assets	33,483,400	33,377,196
Leased prop. under cap. lease oblig.	5,822,694	6,436,870
Intangibles	3,272,624	3,290,215
Other assets	3,032,431	2,137,642
Total Assets	\$ 245,267,215	\$ 241,423,772

Liabilities		
Long-term debt, curr. Cap. lease oblig., curr.	\$ 525,749	\$ 619,884
Accts. payable	637,390	691,214
Accruals	26,648,973	31,050,942
Income taxes	30,019,547	27,003,316
	5,405,303	2,925,751
Curr. Liabilities	\$ 63,239,962	\$ 62,291,107
Long-term debt	3,935,623	14,642,710
Cap. lease oblig.	4,879,283	5,595,777
Other liabilities	8,690,161	8,218,604
+ Common stock	6,197,853	6,146,475
Add. paid-in capital	36,441,850	35,979,116
Retained earnings	127,045,030	109,386,067
Treasury stock	(5,162,547)	(836,084)
Total Liabilities & Shareholders' Equity	\$ 245,267,215	\$ 241,423,772

* At lower of cost or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.48	5.34
%Net Income to Sales	3.91	2.90
%Net Income to Equity	12.22	10.58
Debt to Equity	2.39	0.10
Working Capital	\$136,416,104	\$133,890,742

Current Ratio	3.16	3.15
Shareholders' Equity	\$164,522,186	\$150,675,574

Pic 'n' Save Corporation

2430 E. Del Amo Boulevard
Carson, California 90749
(213) 537-9220

Mailing Address:

P.O. Box 58667
Los Angeles, California 90058

Officers: Arthur Frankel, chairman of the board; Lewis B. Merrifield, III, president & chief executive officer; Arthur Borie, exec. v.p. & chief operating officer; William M. Jacobs, Jr., executive v.p. & chief financial officer; Kenneth Johnson, v.p.-special projects, Steve Miral, v.p. & merchandise manager; Sheldon S. McClusky, v.p.-warehousing & distribution; Raymond L. Kugel, asst. treasurer & secretary; Gerald J. Mignacca, v.p.-marketing; Dennis E. Boberston, Edward L. M. Corn, Michael A. Farhat, asst. v.p.'s & regional managers.

Directors: Arthur Frankel, chairman; Lewis B. Merrifield, III, John T. Gorash, David Amsterdam, Stafford R. Grady.

Business Activities: Operates a chain of self-service, cash-and-carry retail stores specializing in the discount sale of new "close-out" merchandise. Stores are located in California, Arizona, Nevada, New Mexico, Texas, Colorado, Idaho and Utah.

Transfer Agent(s):

First Interstate Bank of California
26610 West Agoura Road
Calabasas, California 91302

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PICN (NASDAQ)

Number of Stores: (at fiscal year end)

1986	101	1983	85
1985	94	1982	80
1984	90		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 304,548,000	\$ 39,767,000
1985	278,072,000	41,074,000
1984	235,147,000	36,510,000
1983	227,130,000	36,451,000
1982	177,738,000	27,009,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	39,555,000	\$ 1.01
1985	39,485,000	1.04
1984	43,731,000	0.83
1983	46,622,000	0.78
1982	46,328,000	0.58

‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	3-for-2
1985	—	—	—
1984	—	—	—
1983	—	—	2-for-1
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 152,388,000	\$ 3.85
1985	112,252,000	2.84

1984	70,878,000	1.62
1983	136,346,000	2.92
1982	98,548,000	2.13

‡ Based on the average number of common shares outstanding adjusted to reflect stock splits.

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 304,548	\$ 278,072
Cost of sales	142,097	128,360
Expenses	81,360	67,202
Income before taxes	\$ 81,091	\$ 82,510
Income taxes	41,324	41,436
Net Income	\$ 39,767	\$ 41,074

* Included in Costs and Expenses, Depreciation and Amortization: \$3,925,000 in 1986 and \$3,397,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 58,782	\$ 37,017
*Inventories	63,448	46,624
Other current assets	2,845	2,160
Current Assets	\$ 125,075	\$ 85,801
*Fixed assets	62,930	57,346
Other assets	166	308
Total Assets	\$ 188,173	\$ 143,455

Liabilities (000's)

Accts. payable	\$ 8,031	\$ 7,097
Accruals	13,076	11,149
Income taxes	9,702	9,925
Curr. Liabilities	\$ 30,809	\$ 28,171
Long-term debt	1,413	1,533
Deferred inc. taxes	2,975	1,499
Accrued bonus	588	—
+ Common stock	1,099	1,098
Add. paid-in capital	6,084	5,716
Retained earnings	145,205	105,438
Total Liabilities & Shareholders' Equity	\$ 188,173	\$ 143,455

* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$0.04% par value.

Statistical Summary

%Income bef. Taxes to Sales	26.63	29.67
%Net Income to Sales	13.06	14.77
%Net Income to Equity	26.10	36.59
Sales to Inventories	4.80	5.96
Debt to Equity	0.01	0.01
Working Capital	\$ 94,266,000	\$ 57,630,000
Current Ratio	4.06	3.05
Shareholders' Equity	\$152,388,000	\$112,252,000

Pier 1 Imports, Inc.

(45% owned by Intermark Inc.)

Suite 600
301 Commerce Street
Fort Worth, Texas 76102
(817) 878-8000

Officers: Charles R. Scott, chairman; Clark A. Johnson, president & chief executive officer; Thomas A. Christopher, sr. v.p.-operations; Marvin J. Girouard, sr. v.p.-merchandising; Robert G. Herndon, sr. v.p., chief financial and administrative

officer; E. Mitchell Weatherly, v.p.-human resources; J. Rodney Lawrence, v.p.-legal affairs & secretary.

Directors: L.A. Henderson, Clark A. Johnson, Lawrence P. Klamon, Charles R. Scott, Thomas N. Warner, Sally F. McKenzie.

Business Activities: Owns and operates a chain of retail stores which sell imported and domestic gift items, home decorating accessories and furniture, outdoor and personal accessories in 37 states and three Canadian provinces.

Transfer Agent(s):

Texas American Bank/Fort Worth N.A.
Corporate Trust Department
P.O. Box 2604
Fort Worth, Texas 76113

Stock Exchange(s): New York

Ticker Symbol: PIR

Number of Stores: (at fiscal year end)

1986	350	1983	285
1985	278	1982	295
1984	251		

Sales and Earnings

	Net Sales	Net Income †
1987	\$ 262,297,000	\$ 11,970,000
1986	203,939,000	13,733,000
1985	173,466,000	22,571,000
1984	147,299,000	21,621,000
1983	132,204,000	8,971,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	19,315,000	\$ 0.62
1986	16,995,000	0.81
1985	16,148,000	1.39
1984	15,864,000	1.33
1983	14,839,000	0.51

† Including extraordinary gains of \$233,000 (\$0.01 per share) in 1986, \$10,052,000 (\$0.62 per share) in 1984, \$9,878,000 (\$0.62 per share) in 1984, and \$4,459,000 (\$0.30 per share) in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.03	—	3-for-2, 4-for-3 & 3-for-2
1986	0.01	10%	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 73,449,000†	\$ 3.80
1986	48,543,000	2.86
1985	89,178,000	5.52
1984	68,240,000	4.30

† After allowing for preferred stock at par value.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividend and stock splits.

Income Account (000's)

Year ended Feb. 28	1987	1986
Net sales	\$ 262,297	\$ 203,939
Cost of sales	114,588	93,313
Expenses	116,471	87,918
Depreciation & amortization	6,299	3,910
Interest expense	3,662	3,599

Pier 1 Imports, Inc.

Income before taxes	\$ 21,277	\$ 15,199
Income taxes	9,307	6,566
Income from cont. oper.	\$ 11,970	\$ 8,633
Income from discount oper.	—	4,867
Net Income	\$ 11,970	\$ 13,500
Extraord. gain	—	233
Net Income & extraord. gain	\$ 11,970	\$ 13,733

Assets		
As of Feb. 28	1987	1986
Cash	\$ 7,658	\$ 9,210
Marketable securities	42,855	—
Accts. receiv., net	1,142	768
*Inventories	82,572	61,503
Other curr. assets	4,952	3,189
Current Assets	\$ 139,179	\$ 74,670
#Fixed Assets	42,659	28,888
Other assets	36,502	3,023
Total Assets	\$ 218,340	\$ 106,581

Liabilities (000's)		
Notes payable	\$ 14,344	\$ 13,720
Accts. payable	25,982	17,572
Deferred income taxes	2,094	—
Curr. Liabilities	\$ 42,420	\$ 31,292
Long-term debt	101,513	26,746
+ Preferred stock	958	—
+ + Common stock	18,926	8,322
Add. paid-in capital	47,257	40,784
Retained earnings	7,961	225
Cum. trans. adjust.	(296)	(671)
Treasury stock	(399)	(117)
Total Liabilities & Shareholders' Equity	\$ 218,340	\$ 106,581

* At lower of moving average cost (FIFO) or market.
 # Less accumulated depreciation and amortization.
 + \$1 par value; \$0.25 cumulative.
 + + \$1 par value.

Statistical Summary		
%Income bef. taxes to Sales	8.11	—
%Net Income to Sales	4.56	—
%Net Income to Equity	16.09	27.81
Sales to Inventories	3.18	3.32
Debt to Equity	1.36	0.55
Working Capital	\$96,759,000	\$43,378,000
Current Ratio	3.28	2.39
Shareholders' Equity	\$74,407,000	\$48,543,000

Pope, Evans and Robbins Incorporated

49 West 37th Street
 New York, New York 10018
 (212) 921-4260

Officers: Joseph E. Robbins, chairman of the board & secretary; Harry Rabinowitz, president & treasurer.

Directors: Joseph E. Robbins, chairman; Julian L. Barnett, Isidore Sol Jaffe, Richard L. Moore, Harry Rabinowitz.

Business Activities: Operates 31 retail stores engaged in the sale of fabrics, notions, home furnishing and decorating items and related products, under the name Fabric Tree, mainly in the Northeast. Also, designs, imports and distributes sweaters and other knit products.

Subsidiaries:
 DeRochild Knitwear, Inc.
 Fabric Tree, Inc.

Transfer Agent(s):
 Continental Stock Transfer and Trust Co.
 72 Reade Street
 New York, New York

Stock Exchange(s): American

Ticker Symbol: PER

Number of Stores: (at fiscal year end)

1986 31 1985 30

Sales and Earnings ×		
	Net Sales +	Net Income
1986	\$ 58,060,000	\$ (7,221,000)
1985	61,622,000	(12,947,000)
1984	31,343,000	1,149,000
1983	—	7,828,000
1982	—	10,326,000
No. of Com. Shares ‡		
1986	8,008,000	\$ —
1985	8,227,000	—
1984	8,180,000	0.14
1983	8,184,000	0.96
1982	8,157,000	1.26

(Loss)
 × Prior to 1984 the company was engaged in the protective fabrics and garments business only. In 1985 these businesses were discontinued, therefore net sales are omitted prior to 1984.
 + Of continuing operations only.
 ‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock		
	Cash Dividend	Stock Dividend
1986	—	—
1985	—	—
1984	—	—
1983	—	3-for-2

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 22,946,000	\$ 2.91
1985	31,349,000	3.81
1984	44,263,000	5.38
1983	42,546,000	5.23
1982	35,928,000	4.41

Income Account *		
Year ended June 30	1986	1985
Net sales	\$ 58,060,363	\$ 61,621,656
Cost of sales	46,932,893	47,962,021
Expenses	14,556,689	11,806,110
Interest expense	2,142,334	2,653,852
Other expenses	614,663	230,804
Loss bef. taxes	\$ (6,186,216)	\$ (1,031,131)
Tax credit	(761,000)	(531,500)
Loss - cont. oper.	\$ (5,425,216)	\$ (499,631)
Loss - discount oper.	(1,796,041)	(12,447,745)
Net Loss	\$ (7,221,257)	\$ (12,947,106)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,201,136 in 1986 and \$1,169,007 in 1985.

Assets		
As of June 30	1986	1985
Cash	\$ 1,589,335	\$ 310,597
Accts. receiv., net	7,769,858	8,016,365
Refundable taxes	2,317,050	4,888,821
*Inventories	15,726,645	12,683,400
Prepaid expenses	803,174	482,071
Net assets - discount oper.	9,353,387	11,691,281
Current Assets	\$ 37,559,449	\$ 38,072,535

#Fixed assets	5,200,445	5,536,691
Notes receivable	16,900,000	18,558,946
Other assets & deferred charges	2,491,103	4,341,594
Intangibles	7,289,857	7,484,714
Net assets - discount oper.	649,507	702,739

Total Assets \$ 70,090,361 \$ 74,697,219

Liabilities		
Notes payable	\$ 9,320,037	\$ 6,929,101
Long-term debt, curr.	88,007	117,175
Accts. payable	3,949,675	2,609,179
Accruals	1,414,514	1,565,395
Income taxes	129,309	30,438
Curr. Liabilities	\$ 14,901,542	\$ 11,251,288
Long-term debt	32,242,783	32,096,968
+ Common stock	839,959	839,959
Add. paid-in capital	21,597,678	21,597,678
Retained earnings	4,288,448	11,509,705
Treasury stock	(3,780,049)	(2,598,379)

Total Liabilities & Shareholders' Equity \$ 70,090,361 \$ 74,697,219

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation.
 + \$0.10 par value.

Statistical Summary		
Sales to Inventories	3.69	4.86
Debt to Equity	1.41	1.25
Working Capital	\$22,657,907	\$26,821,247
Current Ratio	1.32	3.38
Shareholders' Equity	\$22,946,036	\$31,348,963

The Present Co., Inc.

3042 West Ridge Road
 Rochester, New York 14626
 (716) 227-0700

Officers: Gordon S. Present, chairman; James R. Present, president & chief exec. officer; Robert E. Meagher, sr. v.p. & secretary; Myles B. Weiner, v.p.-merchandising; Norman Kramer, v.p.-operations.

Directors: Gordon S. Present, chairman; Robert E. Meagher, Beryl M. Present, James R. Present, Charles T. Zeller, John Lovenheim.

Business Activities: Operates 18 catalog-showrooms and one jewelry store in New York State.

Subsidiary:
 Present Yachts Inc.
 Sells yachts constructed in Taiwan.

Transfer Agent(s):
 Chase Lincoln First Bank, N.A.
 Rochester, New York 14604

Stock Exchange(s): Over-the-Counter

Ticker Symbol: PRST (NASDAQ)

Number of Stores: (at fiscal year end)

1987 19 1984 11
 1986 16 1983 11
 1985 14

Sales and Earnings		
	Net Sales	Net Income
1987	\$ 58,028,787	\$ 1,552,629
1986	48,133,804	1,271,284
1985 + ...	38,665,757	815,593
1984	30,076,037	381,229
1983*	22,570,442	266,234
No. of Com. Shares †		
1987	2,195,415	\$ 0.71
1986	1,824,856	0.70

1985 +	1,385,958	0.59
1984	1,354,626	0.28
1983*	1,443,288	0.11

+ 53 weeks.

* 10 months.

† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	21-for-1
1985	—	—	—
1984	—	—	—
1983	—	—	—

Common Stock Equity		
	Total Equity	Equity Per Share †
1987	\$ 11,834,125	\$ 5.39
1986	10,136,000	5.55
1985	4,163,000	3.00
1984	3,315,000	2.45
1983	2,934,000	2.03

† Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Income Account *			
Year ended	1/31/87	2/1/86	
Net sales	\$ 58,028,787	\$ 48,133,804	
Cost of sales	41,976,125	35,092,655	
Expenses	12,756,602	10,514,655	
Interest expense	174,431	87,210	
Income before taxes	\$ 3,121,629	\$ 2,439,284	
Income taxes	1,569,000	1,168,000	
Net Income	\$ 1,552,629	\$ 1,271,284	

* Included in Costs and Expenses, Depreciation and Amortization: \$438,783 in 1987 and \$344,517 in 1986.

Assets			
As of	1/31/87	2/1/86	
Cash	\$ 1,712,677	\$ 2,448,216	
Accts. receiv., net	672,591	700,458	
*Inventories	19,594,034	18,705,483	
Prepaid expenses	883,704	670,037	
Current Assets	\$ 22,863,006	\$ 22,524,194	
†Fixed assets	3,893,983	3,033,794	
Total Assets	\$ 26,756,989	\$ 25,557,988	
Liabilities			
Notes payable	\$ 1,500,000	\$ —	
Accts. payable	7,961,373	10,993,515	
Accruals	3,046,437	2,461,962	
Income taxes	1,348,289	1,026,058	
Customer deposits	260,548	196,739	
Cap. lease oblig., curr.	68,831	121,548	
Curr. Liabilities	\$ 14,185,478	\$ 14,799,822	
Deferred inc. taxes	693,186	501,186	
Long-term debt	44,200	121,306	
+ Common stock	217,921	210,114	
Add. paid-in capital	5,666,822	5,592,557	
Retained earnings	5,949,382	4,396,753	
Treasury stock	—	(63,750)	
Total Liabilities & Shareholders' Equity	\$ 26,756,989	\$ 25,557,988	

* At lower of cost (LIFO) or market.

† Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary			
%Income bef. Taxes to Sales	5.38	5.07	
%Net Income to Sales	2.68	2.64	
%Net Income to Equity	13.12	12.54	
Sales to Inventories	2.96	2.57	

Debt to Equity	0.01	0.02
Working Capital	\$ 8,677,528	\$ 7,724,372
Current Ratio	1.61	1.52
Shareholders' Equity	\$11,834,125	\$10,135,674

Primerica Corporation

(Formerly American Can Company)

American Lane
P.O. Box 3610
Greenwich, Connecticut 06836
(203) 552-2000

Officers: Gerald Tsai, Jr., chairman, president & chief exec. officer; Kenneth A. Yarnell, Jr., sr. exec. v.p. and chief financial officer; C. Richard Pedersen, sr. v.p., general counsel & secretary; Michael I. Roth, exec. v.p.-corporate finance, tax & administration; Robert M. Abramson, sr. v.p.-strategic planning; Robert J. Bell, gen. auditor & v.p.; David I. Chermow, sr. v.p. & controller; Robert B. Bogart, sr. v.p.-corporate human resources; Walter A. Scott, president-Financial Services Sector; James A. Long, exec. v.p.-mergers & acquisitions; David A. Frank, v.p. & treasurer; John T. Andrews, Jr., v.p., sr. deputy general counsel & asst. secretary; JoAnn Heffernan Heisen, v.p.-corp. affairs.

Directors: William S. Woodside, Richard R. Hough, Harry S. Howard, Jr., Martha Redfield Wallace, Joseph A. Califano, Jr., Gerald Tsai, Jr., Keith D. Bunnell, Charles E. Hugel, J. Bruce Llewellyn, Jerry S. Rosenbloom, Kenneth A. Yarnell, Jr., Ronald E. Goldsberry, Martin S. Davis, Reuben Mark.

Business Activities: Operates in two principal business segments: specialty retailing and financial services. The Company, through its subsidiary, The Musicland Group, is a retailer of pre-recorded music, video music, audio and video equipment and other home entertainment products. The Musicland Group operates 525 specialty retailing stores nationwide under the names "Musicland," "Sam Goody," "Discount Records," "Sam Good's Musicland," "Licorice Pizza," and "Pickwick Music." Another subsidiary, Dunham's Athleisure Corporation, operates a sixteen-store Midwestern retail chain selling athletic apparel, footwear and sporting equipment.

Retail Subsidiaries:

The Musicland Group, Inc.
Minneapolis, Minnesota
Merchandising and retailing of records, tapes, and audio and video equipment.

Dunham's Athleisure Corporation
Drayton Plains, Michigan
Retail sale of athletic apparel, footwear and sporting equipment.

Fingerhut Companies, Inc.
Minnetonka, Minnesota
Engaged in the business of direct mail merchandising.

Transfer Agent(s):

The Bank of New York
90 Washington Street
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: PA

Number of Stores: (at fiscal year end)

1986	541	1983	N.A.
1985	462	1982	420
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Revenues + (000's)	Net Income † (000's)
1986	\$ 2,886,900	\$ 196,300
1985	2,475,200	149,100
1984	2,353,300	136,000
1983	2,154,600	100,100
1982	1,959,900	(132,900)

	No. of Com. Shares #	Earn. per Share †‡
1986	53,463,000	\$ 3.21
1985	53,712,600	2.53
1984	48,015,000	2.45
1983	42,733,000	1.88
1982	37,196,000	—

(Loss)

+ Continuing operations only.

† Including extraordinary gains of \$3,600,000 (\$0.08 per share) in 1984 and \$5,600,000 (\$0.14 per share) in 1983 and extraordinary loss of \$23,700,000 (\$0.43 per share) in 1986.

Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)			
	1986	1985	
Financial services	\$ 1,464,800	\$ 1,280,100	
Specialty retailing	1,380,300	1,155,700	
Other business	41,800	39,400	
Total	\$ 2,886,900	\$ 2,475,200	

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1986	\$1.45	—	2-for-1
1985	1.45	—	—
1984	1.45	—	—
1983	1.45	—	—
1982	1.45	—	—

+ Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity (000's)	Equity Per Share †
1986	\$ 1,354,400	\$ 25.33
1985	1,306,100	24.32
1984	1,093,400	22.77
1983	948,100	22.19
1982	838,700	22.55

† Adjusted to reflect stock split.

Income Account * (000's)			
Year ended Dec. 31	1986	1985	
Revenues	\$ 2,886,900	\$ 2,475,200	
Cost of sales	2,477,500	2,184,800	
Expenses	90,900	67,600	
Interest expense	99,300	83,000	
Gain on sale of stock of subd.	(69,300)	(33,300)	
Income before taxes	\$ 288,500	\$ 173,100	
Income taxes	96,900	71,100	
Minority interest	4,500	—	
Inc. - cont. oper.	\$ 187,100	\$ 102,000	
Inc. - discont. oper.	32,900	47,100	
Net Income	\$ 220,000	\$ 149,100	
Extraord. loss	(23,700)	—	
Net Income & extraord. loss	\$ 196,300	\$ 149,100	

* Included in Costs and Expenses, Depreciation: \$34,800,000 in 1986 and \$30,100,000 in 1985.

Assets (000's)			
As of Dec. 31	1986	1985	
Cash & short-term investments	\$ 209,400	\$ 272,500	
Financial services: Investments	1,670,500	1,456,400	

Primerica Corporation

Receivables	272,200	279,400
Mortg. loans held for sale	590,500	221,400
Value of insur.	219,100	238,200
Deferred policy acq. costs	592,100	447,700
*Fixed assets	66,100	61,000
Other assets	275,700	246,500
Specialty retailing:		
Receivables	351,600	271,500
*Inventories	216,700	153,000
#Fixed assets	120,700	70,100
Other assets	106,500	72,300
Intangibles	387,200	329,400
Net assets of discount oper.	—	447,100
Other assets	271,800	185,100
Total Assets	\$ 5,350,100	\$ 4,751,600

Liabilities (000's)		
Policy liabilities & accruals	\$ 1,124,200	\$ 1,111,300
Accts. payable & other liabilities	1,271,100	925,700
Debt obligations	665,100	863,600
Notes payable	573,300	206,600
Deferred inc. taxes	199,100	138,000
Redeem. preferred stock	162,900	200,300
+ Common stock	58,000	56,000
Add. paid-in capital	622,100	579,500
Unreal. depreciation of eq. secur.	(8,400)	(10,800)
Cum. trans. adjust.	(2,000)	(4,000)
Retained earnings	824,500	728,300
Treasury stock	(139,800)	(42,900)
Total Liabilities & Shareholders' Equity	\$ 5,350,100	\$ 4,751,600

* At lower of cost (FIFO) or market.
 # Less accumulated depreciation.
 + \$1 par value.

Statistical Summary		
%Net Income to Equity	16.24	11.42
Debt to Equity	0.91	0.82
Shareholders' Equity	\$1,354,400,000	\$1,306,100,000

Pueblo International, Inc.

Loiza Expressway
 Corner of Campo Rico Avenue
 Carolina, Puerto Rico 00630
 (809) 757-3131

1300 Northwest 22nd Street
 Pompano Beach, Florida 33069
 (305) 977-2500

Mailing Address:

G.P.O. Box 3288
 San Juan, Puerto Rico 00936

Officers: Harold Toppel, chairman of the board & chief exec. officer; David W. Morrow, president and chief operating officer; Walter O. Joachim, exec. v.p.; Milton Toppel, v.p.-publication affairs; Jeffrey P. Freimark, sr. v.p.-finance & administration and treasurer; Robert Locke, sr. v.p.-planning & development and asst. secretary; Ignacio Rivera, v.p., general counsel & secretary; John J. Coppinger, v.p.-Florida operations; Stefani Pepe, Rafael Torres, asst. secretaries & asst. treasurers.

Directors: Harold Toppel*, chairman; William C. Lang, Milton Toppel, A. Michael Victory, Abraham Zaleznik*, Guillermo Rodriguez-Benitez, Revenol Duryea*, Carlos O. Souffront, Richard W. McEwen, David W. Morrow*, Harold G. Beckner.

* Member of the Executive Committee.

Business Activities: Operates conventional supermarkets in Puerto Rico and the U.S. Virgin Islands, and Xtra Super Food Centers in Puerto Rico and Florida.

Division:
 Pueblo Supermarkets Division

Transfer Agent(s):

Harris Trust Company of New York
 110 William Street
 New York, New York 10038

Stock Exchange(s): New York, Pacific

Ticker Symbol: PII

Number of Stores: (at fiscal year end)

1987	44	1984	44
1986	43	1983	44
1985	42		

Sales and Earnings			
	Net Sales	Net Income †	
1987*	\$ 672,101,000	\$ 6,774,000	
1986	596,794,000	6,587,000	
1985	518,335,000	5,105,000	
1984	476,806,000	3,882,000	
1983	505,912,000	3,906,000	
	No. of Com. Shares ‡	Earn. per Share ‡†	
1987*	3,604,000	\$ 1.64	
1986	3,713,000	1.77	
1985	3,773,000	1.35	
1984	3,751,000	1.03	
1983	3,822,000	1.02	

* 53 weeks.
 † Including extraordinary gains of \$610,000 (\$0.12 per share) in 1987, \$1,288,000 (\$0.34 per share) in 1986, \$1,416,000 (\$0.38 per share) in 1985, \$733,000 (\$0.19 per share) in 1984, and \$1,490,000 (\$0.39 per share) in 1983.
 ‡ Based on the weighted average number of common shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.18	—	—
1986	0.16	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.13	—	—

Common Stock Equity		
	Total Equity	Equity Per Share
1987	\$ 55,899,000	\$ 15.62
1986	50,432,000	14.07
1985	47,447,000	12.54
1984	42,840,000	11.39
1983	39,466,000	10.55

Income Account			
Year ended	1/31/87 (53 weeks)	1/25/86	
Net sales	\$ 692,101,000	\$ 596,794,000	
Cost of sales	541,506,000	468,633,000	
Expenses	127,617,000	109,704,000	
Depreciation & amortization	8,874,000	6,837,000	
Interest expense	7,450,000	4,409,000	
Other income	(3,811,000)	(2,448,000)	
Income before taxes	\$ 10,465,000	\$ 9,659,000	
Income taxes	4,301,000	4,360,000	
Net income	\$ 6,164,000	\$ 5,299,000	
Extraord. items	610,000	1,288,000	
Net income & extraord. items	\$ 6,774,000	\$ 6,587,000	
Assets			
As of	1/31/87	1/25/86	
Cash	\$ 16,094,000	\$ 12,818,000	
Marketable equity securities	15,781,000	7,444,000	

Marketable securities	13,677,000	—
Accts. receiv., net	5,545,000	5,022,000
*Inventories	34,544,000	34,479,000
Prepaid expenses	7,421,000	4,944,000

Current Assets	\$ 93,062,000	\$ 64,707,000
#Fixed assets	87,565,000	70,571,000
Prop. held under cap. leases	22,528,000	14,440,000
Short-term investment	4,820,000	5,417,000
Other assets	12,957,000	18,940,000

Total Assets \$ 220,932,000 \$ 172,075,000

Liabilities		
Long-term debt, curr.	\$ 3,473,000	\$ 4,580,000
Cap. lease oblig., curr.	1,074,000	845,000
Accts. payable	38,894,000	29,009,000
Dividends payable	180,000	150,000
Accruals	18,475,000	15,452,000
Income taxes	348,000	2,676
Current Liabilities	\$ 62,444,000	\$ 52,712,000
Conv. subord. debentures	25,000,000	—
Long-term debt	49,381,000	47,900,000
Cap. lease oblig.	24,891,000	16,742,000
Other deferr. credits & liabilities	3,317,000	4,289,000
+ Common stock	4,903,000	4,860,000
Add. paid-in capital	10,617,000	10,418,000
Retained earnings	49,533,000	43,409,000
Treasury stock	(9,154,000)	(8,255,000)

Total Liabilities & Shareholders' Equity \$ 220,932,000 \$ 172,075,000

* At lower of cost or net realizable market.
 # Less accumulated depreciation and amortization.
 + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	1.51	1.62
%Net Income to Sales	0.89	0.89
%Net Income to Equity	11.03	13.06
Sales to Inventories	20.04	17.31
Debt to Equity	0.45	1.39
Working Capital	\$30,618,000	\$11,995,000
Current Ratio	1.49	1.23
Shareholders' Equity	\$55,899,000	\$50,432,000

Quality Food Centers, Inc.

10112 N.E. 10th Street
 Bellevue, Washington 98004
 (206) 454-8107

Officers: Stuart M. Sloan, chairman; Jack Croco, president & chief exec. officer; Dan Kourkoumelis, exec. v.p. & chief operating officer; Ruth F. Cook, sr. v.p.-administration & secretary-treasurer; Marc W. Evanger, v.p. & chief financial officer; Robert Hawkins, v.p.-marketing/merchandising.

Directors: Stuart M. Sloan, chairman; Jack Croco.

Business Activities: Operates a chain of 22 supermarkets in the Seattle/King County, Washington, area.

Transfer Agent(s):
 The First Jersey National Bank

Stock Exchange(s): Over-the-Counter

Ticker Symbol: QFCI (NASDAQ)

Number of Stores: (at fiscal year end)

1986

Sales and Earnings		
	Net Sales	Net Income
12/27/86*	\$ 89,636,000	\$ 977,000
6/16/86 + #	68,706,000	1,165,000
12/28/85 +	136,768,000	2,891,000
12/29/84 +	128,401,000	1,956,000
12/31/83 +	114,108,000	1,731,000

	No. of Com. Shares †	Earn. per Share ‡
12/27/86*	3,325,000	\$ 0.29

* 28 weeks.

† 24 weeks.

+ Predecessor company.

† Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

	Cash Dividend	Stock Dividend	Stock Split
12/27/86	—	—	16.625-for-1‡

‡ Effective Mar. 4, 1987.

	Total Equity	Equity Per Share ‡
12/27/86	\$ 2,977,346	\$ 0.90
6/16/86	2,000,000	—

‡ Adjusted to reflect stock split.

Year ended	12/27/86 (28 weeks)	
Net sales	\$ 89,636,492	
Cost of sales	65,997,825	
Expenses	20,114,015	
Interest expense	1,820,315	
Interest income	(119,809)	
Income before taxes	\$ 1,824,346	
Income taxes	847,000	
Net Income	\$ 977,346	

* Included in Costs and Expenses, Depreciation and Amortization: \$1,350,715 in 1986.

As of	12/27/86	6/17/86
Cash	\$ 1,601,923	\$ 2,204,633
Accts. receiv., net	550,284	249,792
*Inventories	5,726,242	5,211,706
Prepaid expenses	300,463	362,230
Current Assets	\$ 8,178,914	\$ 8,028,361
#Fixed assets	13,832,664	12,423,452
Leasehold interest	14,248,770	14,756,665
Debt issuance costs	1,218,199	1,140,505
Intangibles	514,486	521,506
Other assets	314,540	276,366
Total Assets	\$ 38,307,573	\$ 37,146,855

	12/27/86	6/17/86
Long-term debt, curr.	\$ 642,857	\$ 321,438
Accts. payable	3,373,959	3,176,399
Accrued payroll	2,496,568	2,091,020
Accrued taxes	864,812	653,103
Other accruals	694,582	816,907
Income taxes	294,000	1,187,000
Accrued interest	292,010	—
Curr. Liabilities	\$ 8,658,788	\$ 8,245,857
Long-term debt	26,235,400	26,542,572
Other liabilities	436,039	358,426
+ Common stock	2,000,000	2,000,000
Retained earnings	977,346	—
Total Liabilities & Shareholders' Equity	\$ 38,307,573	\$ 37,146,855

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	2.04	—
%Net Income to Sales	1.09	—

%Net Income to Equity	32.83	—
Sales to Inventories	15.65	—
Debt to Equity	9.03	13.43
Shareholders' Equity	\$2,977,346	\$2,000,000

Rapid-American Corporation

888 Seventh Avenue
New York, New York 10106
(212) 621-4500

Officers: Meshulam Riklis*, chairman of the board, president & chief exec. officer; Harold S. Divine, vice chairman of the board; Daniel J. Manella, Charles L. Jarvie, Stephen L. Pister, Marcia Riklis, exec. v.p.'s; Paul Weiner, sr. v.p.; Andrew Gregor, v.p. & treasurer; Michael J. Magenheim, controller & asst. treasurer; James Pollak, asst. secretary.

Directors: Meshulam Riklis*, chairman; Simona Riklis Ackerman*, Harold S. Divine, Arie Genger, Charles L. Jarvie, Stephen L. Pister, Ira Riklis*, Marcia Riklis*, Abraham G. Levin, Leonard C. Lane, Daniel J. Manella, Dan Palmon, Leo D. Stone, Helen H. Uplike, Seymour Kleinman.

* Member of the Executive Committee.

Business Activities: The Company is engaged through its subsidiary, McCrory Corporation, in retail merchandising, through its subsidiary, Schenley Industries, Inc., in the production, importation, and sale of alcoholic beverages under various brand names, and through its subsidiary, McGregor Corporation, in the manufacture, distribution, and sale of a variety of consumer products and the licensing of several trademarks.

In the retail area, McCrory currently operates 1,226 variety stores in 38 states and the District of Columbia under the "McCrory," "McLellan," "H.L. Green," "J.J. Newberry," and "S.H. Kress," names. These stores sell a broad mix of consumer merchandise; restaurants or luncheonettes are operated in 287 stores, five free-standing restaurants are also operated.

Subsidiaries:

Schenley Industries, Inc.
McGregor Corp.
Rapid Distribution Service, Inc.
View Top Corporation
McCrory Corporation
Schenley Medical Imaging, Inc.
Gault Brothers

Stock Exchange(s): *New York, Cincinnati, Pacific

* As of January 31, 1981, Rapid-American became a privately held company. The Company's debentures are publicly traded on these exchanges.

Number of Stores: (at fiscal year end)

	1987	1986	1985
1987	1,226	1,226	1,800
1986	1,438	1,438	1,792
1985	723	723	723

	Net Sales + (000's)	Net Income ‡ (000's)
1987	\$ 1,893,500	\$ (20,471)
1986	994,726	85,140
1985	930,065	(8,356)
1984	840,100	56,444
1983	844,200	46,459

(Loss)
+ Of continuing operations only; includes leased department sales.
‡ Including extraordinary gains of \$2,960,000 (\$1.22 per share) in 1984, \$13,834,000 (\$5.68 per share) in 1983 and extraordinary losses of \$4,003,000 in 1986 and \$18,240,000 in 1985.
Based on the weighted average number of common shares and common share equivalents outstanding.

	1987	1986
Retail merch.: McCrory Stores	\$ 1,883,000	\$ 984,000
Gault	9,000	9,000
Others	1,000	2,000
Total	\$ 1,893,000	\$ 995,000

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	1.57	—	—
1985	2.60	—	—
1984	0.75	—	—
1983	1.60	—	—

	1987	1986
Net sales	\$ 1,893,500	\$ 994,726
Other income	94,074	210,161
Total income	\$ 1,987,574	\$ 1,204,887
Cost of sales	1,244,950	656,050
Expenses	562,453	303,937
Depreciation & amortization	45,261	26,903
Interest expense	159,516	152,520

	1987	1986
Inc. (loss) bef. taxes	\$ (24,606)	\$ 65,477
Income taxes (credit)	(15,939)	27,026
Inc. (loss)-cont. oper.	\$ (8,667)	\$ 38,451
Inc. - discont. oper. (loss)	(11,804)	50,692
Net Income (Loss)	\$ (20,471)	\$ 89,143
Extraord. loss	—	(4,003)
Net Income (Loss) & extraord. loss	\$ (20,471)	\$ 85,140

	1987	1986
Cash	\$ 12,796	\$ 20,722
Marketable securities	1,384	70,020
Accts. receiv., net	61,121	323,517
*Inventories	499,235	887,747
Prepaid expenses	23,284	22,218
Assets held for sale to stockholders	—	39,565
Current Assets	\$ 597,820	\$ 1,363,789
Invest. & advances	354,559	19,890
#Fixed assets	324,861	428,520
Other assets	376,958	450,058
Total Assets	\$ 1,654,198	\$ 2,262,257

	1987	1986
Long-term debt, curr.	\$ 33,618	\$ 57,958
Cap. lease oblig., curr.	6,651	7,421
Short-term debt	38,070	121,300
Accts. payable	187,040	405,037
Accruals	176,324	297,947
Income taxes	12,553	5,325
Curr. Liabilities	\$ 454,256	\$ 894,988
Long-term debt	925,035	964,885
Cap. lease oblig.	61,326	85,817
Minority interest	14,797	15,104
Deferred inc. taxes	—	95,213
Other liabilities	117,082	96,282
+ Preferred stock	1	1
+ Common stock	24	24
Add. paid-in capital	179,937	169,524
Retained earnings	30,553	80,149
Treasury stock	(110,000)	(110,000)
For. curr. trans. adjust	(3,847)	(4,920)
Due from stockholders	(14,966)	(24,810)
Total Liabilities & Shareholders' Equity	\$ 1,654,198	\$ 2,262,257

Rapid-American Corporation

* At LIFO cost.
 † Less accumulated depreciation and amortization.
 + \$0.01 per value.

Statistical Summary

%Net Income to Equity	—	77.42
Sales to Inventories	3.79	2.14
Working Capital	\$143,564,000	\$468,801,000
Current Ratio	1.32	1.52
Shareholders' Equity	\$ 81,702,000	\$109,968,000

RB Industries, Inc.

Corporate Offices:
 1801 Century Park East, Suite 2101
 Los Angeles, California 90067
 (213) 553-3655

Executive Offices:
 2323 Southeast Main Street
 Irvine, California 92714

Officers: Joseph Sinay, chairman of the board, president & chief exec. officer; Stanley N. Goff, exec. v.p. & chief operating officer; Samuel B. Sinay, v.p.; James Brightman, v.p. finance & secretary; Araceli T. Bowker, treasurer; Laurence A. Crink, Jr., president & chief oper. officer-RB Furniture, Inc., RB Creative Systems & W.J.S., Inc.

Directors: Joseph Sinay, Samuel B. Sinay, Stanley N. Goff, Irvine Robbins, James E. Ludlam.

Business Activities: Owns and operates 49 RB Furniture Showrooms in California, Nevada, Arizona, Oregon, New Mexico, and Washington, and four W & J Sloane Furniture Showrooms in the greater Los Angeles area.

Divisions and Subsidiaries:

RB Furniture, Inc.
 RB Creative Systems, Inc.
 Laurel Development Company
 W.J.S., Inc.

Transfer Agent(s):

Bank of America NT & SA
 Los Angeles, California

Stock Exchange(s): New York

Ticker Symbol: RBI

Number of Stores: (at fiscal year end)

1986	53	1983	76
1985	68	1982	77
1984	71		

Sales and Earnings

	Revenues	Net Income ‡
1986	\$ 106,521,000	\$ (976,000)
1985	116,507,000	(16,981,000)
1984	133,823,000	(2,681,000)
1983	97,805,000	387,000
1982	95,002,000	958,000

	No. of Com. Shares †	Earn. per Share †
1986	3,399,000	\$ —
1985	4,057,000	—
1984	4,179,000	—
1983	3,437,000	0.11
1982	2,937,000	0.33

(Loss)

‡ Including extraordinary gain of \$251,000 in 1985.

† Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	0.08	—	—
1984	0.16	—	—

1983	0.12	—	—
1982	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 15,331,000	\$ 4.51
1985	16,304,000	4.02
1984	41,632,000	9.96
1983	29,672,000	8.63
1982	18,745,000	6.38

‡ Based on the average number of shares outstanding.

Income Account *

Year ended June 30	1986	1985
Net sales	\$ 105,192,000	\$ 115,371,000
Other income	1,329,000	1,136,000
Total income	\$ 106,521,000	\$ 116,507,000
Cost of sales	55,543,000	66,481,000
Expenses	44,714,000	55,084,000
Interest exp.	3,847,000	3,913,000
Unusual charges	3,393,000	8,595,000
Loss before taxes	\$ (976,000)	\$ (17,566,000)
Tax credit	—	(2,596,000)
Net Loss	\$ (976,000)	\$ (14,970,000)
Extraordinary gain	—	251,000
Cum. effect - change in acctg. method	—	(2,262,000)
Net Loss & extraord. gain	\$ (976,000)	\$ (16,981,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$1,905,000 in 1986 and \$2,361,000 in 1985.

Assets

As of June 30	1986	1985
Cash & Cash equivalents	\$ 3,232,000	\$ 2,076,000
Notes receivable	15,000	12,000
Accts. receiv., net	1,665,000	1,299,000
Refundable income taxes	—	1,468,000
*Inventories	19,771,000	20,831,000
Prepaid expenses	1,292,000	1,131,000
Current Assets	\$ 25,975,000	\$ 26,817,000
†Fixed assets	37,573,000	39,426,000
Notes receivable	6,020,000	6,035,000
Investments	—	2,018,000
Other assets	759,000	757,000
Total Assets	\$ 70,327,000	\$ 75,053,000

Liabilities

Long-term debt, curr.	\$ 546,000	\$ 953,000
Oblig. under cap. lease	461,000	495,000
Accts. payable	5,766,000	5,757,000
Accruals	12,357,000	10,274,000
Curr. Liabilities	\$ 19,130,000	\$ 17,479,000
Long-term debt	6,837,000	10,776,000
Long-term oblig. under cap. lease	17,504,000	18,079,000
Deferred taxes	8,944,000	9,100,000
Other liabilities	2,581,000	3,300,000
+ Common stock	3,399,000	3,437,000
Add. paid-in capital	19,284,000	19,282,000
Retained earn. (deficit)	(7,352,000)	(6,376,000)
Total Liabilities & Shareholders' Equity	\$ 70,327,000	\$ 75,053,000

* At lower of cost (specific identification) or market.

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

Sales to Inventories	5.32	5.54
Debt to Equity	1.65	1.86
Working Capital	\$ 6,845,000	\$ 9,338,000
Current Ratio	1.36	1.53
Shareholders' Equity	\$15,331,000	\$16,304,000

Reitmans (Canada) Limited

250 Sauvé Street West
 Montreal, H3L 1Z2 Quebec, Canada
 (514) 384-1140

Officers: Jack Reitman, chairman; Stephen F. Reitman, exec. v.p.; Jeremy H. Reitman, president; vice presidents: Cyril Reitman, Bruno Eller, v.p.-store planning; Jacques Rousseau, v.p. & treasurer; Philip Sacks-merchandising; Allan Salomon-real estate & secretary; Louis Waxman-Ontario operations; Jay Weiss-information systems; Jacques Rheault-store operation; L. Michael Blumenstein, asst. secretary; Allen F. Rubin, v.p.-distribution; Eric Williams, comptroller; Robert S. Vineberg, asst. secretary.

Directors: Jack Reitman, Jeremy H. Reitman, Philip F. Vineberg, Cyril Reitman, Philip Sacks, Philippe de Gaspé-Beaubien, Stephen Reitman.

Business Activities: Operates a chain of women's specialty shops across Canada and the southern, southwestern, and midwestern U.S. Some of these stores have children's and teen departments. Also operates leased departments in self-service department stores and Smart Set Shops, a chain of boutiques. Worth's, Sweet Sixteen, Chablis and Un-Deux-Trois stores.

Divisions and Subsidiaries:

Sweet Sixteen (Canada)
 Reitmans (Canada) Inc.
 Reitmans (U.S.) Corp.
 Smart Set Fashions, Limited
 Worth's Stores Corp.
 Chablis stores
 Un-Deux-Trois

Transfer Agent(s):

Montreal Trust Company
 Montreal, Toronto, Halifax, Calgary, Vancouver.

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: RET

Number of Stores: (at fiscal year end)

1987	743	1984	651
1986	698	1983	652
1985	666		

Sales and Earnings *

	Net Sales	Net Income
1987	\$ 349,346,000	\$ 14,910,000
1986	335,765,000	20,262,000
1985	293,811,239	13,666,490
1984	282,346,709	13,749,224
1983	265,998,376	12,692,000
	No. of Com. Shares +	Earn. per Share †
1987	9,314,482	\$ 1.60
1986	9,275,482	2.18
1985	9,275,482	1.47
1984	9,275,482	1.48
1983	9,275,482	1.37

* In Canadian dollars.

+ Based on common shares and Class A shares outstanding adjusted to reflect stock dividend.

† Based on the weighted average number of Class A and common shares outstanding adjusted to reflect stock dividend.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.52	—	—
1986	0.52	—	—
1985	0.52	—	—
1984	0.48	100%	—
1983	0.46	—	—

‡ Common stock and Class A Stock combined adjusted to reflect stock dividend.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 133,001,000	\$ 14.28
1986	124,138,000	13.38

1985	106,322,000	11.46
1984	95,878,000	10.34
1983	85,331,000	9.20

‡ Based on Class A and common shares outstanding adjusted to reflect stock dividend.

Income Account

Year ended Jan. 31	1987	1986
Net sales	\$ 349,346,000	\$ 335,765,000
Cost of sales & expenses	323,924,000	302,323,000
Other income	(6,784,000)	(6,238,000)
Depreciation	6,654,000	5,408,000
Debt interest	437,000	252,000
Amort. of goodwill	1,327,000	877,000
Income before taxes	\$ 23,788,000	\$ 33,143,000
Income taxes	8,878,000	12,881,000
Net Income	\$ 14,910,000	\$ 20,262,000

Assets

As of Jan. 31	1987	1986
Cash	\$ 8,824,000	\$ 11,333,000
Accts. receiv., net	2,695,000	2,197,000
*Inventories	29,505,000	29,933,000
Prepaid expenses	3,336,000	2,921,000
Current Assets	\$ 44,360,000	\$ 46,384,000
Marketable securities	72,099,000	65,426,000
#Fixed assets	42,184,000	29,867,000
Goodwill	10,385,000	19,053,000
Total Assets	\$ 169,028,000	\$ 160,730,000

Liabilities

Accts. payable & accruals	\$ 27,245,000	\$ 26,335,000
Income taxes	1,413,000	2,378,000
Curr. Liabilities	\$ 28,658,000	\$ 28,713,000
Long-term debt	7,369,000	7,835,000
Deferred inc. taxes	—	44,000
+ Class A stock	2,049,000	1,215,000
+ Common stock	482,000	482,000
Curr. trans. gain	3,138,000	5,181,000
Retained earnings	127,332,000	117,260,000
Total Liabilities & Shareholders' Equity	\$ 169,028,000	\$ 160,730,000

* At lower of cost and net realizable value
Less accumulated depreciation.
+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	6.81	9.87
%Net Income to Sales	4.27	6.03
%Net Income to Equity	11.21	16.32
Sales to Inventories	11.84	11.22
Debt to Equity	0.06	0.06
Working Capital	\$ 15,702,000	\$ 17,671,000
Current Ratio	1.55	1.62
Shareholders' Equity	\$133,001,000	\$124,138,000

Revelstoke Companies Ltd.

(Venture Funding Corporation Limited, a private investment holding company, owns 23% of the Class A and 47% of the Class B shares of the Company.)

P.O. Box 2501
508 24th Avenue S.W.
Calgary, Alberta, T2P 2N2 Canada
(403) 229-4666

Officers: D. Steele Curry, chairman & president; Keith A.C. McDowell, sr. v.p. & secretary-treasurer; Gordon D. Roberts, exec. v.p.; Brian J. Spong, exec. v.p.-Stores Division; David A. Dupont, sr. v.p.-merchandising, Stores Division; John R. Lossing, president-Video Movie Ventures Inc.

Directors: Gerald A. Berkhold, D. Steele Curry, John L. Schlosser, Robert L. Strickland, G. Mark Curry, Kitson Vincent, Harold P. Milavsky, Robert Stollery.

Business Activities: Owns and operates a chain of 18 lumber, building material and home improvement retail outlets throughout Western Canada. Through its 65%-ownership of Video Movie Ventures Inc., operates a chain of 21 Video Show Place stores, which rent and sell video cassettes throughout the province of Alberta.

Divisions and Subsidiaries:

Revelstoke Stores Division
Video Movie Ventures Inc. (65%-owned)

Transfer Agent(s):

Montreal Trust Company (common stock)
Calgary, Toronto, Montreal and Vancouver, Canada

Canada Trust Company (preferred stock)

Calgary, Toronto, Montreal and Vancouver, Canada

Stock Exchange(s): Toronto

Ticker Symbol: REVA & REVB

Number of Stores: (at fiscal year end)

1986	39	1983	80
1985	73	1982	92
1984	76		

Sales and Earnings

	Net Sales +	Net Income #
1986	\$ 140,206,000	\$ (6,818,000)
1985	132,687,000	(2,373,000)
1984	N.A.	(7,583,000)
1983	N.A.	121,000
1982	N.A.	(3,797,000)

No. of Com. Shares †

1986	5,624,348	\$ —
1985	5,293,348	—
1984	5,155,461	—
1983	5,139,461	—
1982	4,456,386	—

(Loss)

N.A. - Not Available.

+ Of continuing operations only.

Including extraordinary gain of \$3,873,000 (\$0.75 per share) in 1984 and extraordinary loss of \$2,450,000 (\$0.46 per share) in 1986.

† Class A and Class B shares combined.

‡ Based on the weighted average number of class A and class B shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	0.115	—	—
1984	0.10	—	—
1983	0.10	—	—
1982	0.17	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share †
1986	\$ 20,058,000	\$ 3.57
1985	25,394,000	4.80
1984	27,812,000	5.39
1983	35,866,000	6.98
1982	30,541,000	6.85

‡ After allowing for preferred stock at redemption value of \$20.50 per share.

† Class A and Class B shares combined.

Income Account (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 140,206	\$ 132,687
Cost of sales & expenses	137,330	129,291

Depreciation & amortization	1,236	1,290
Interest expense	5,011	4,459
Gain on sale of prop.	(151)	(1,140)

Loss before taxes	\$ (3,220)	\$ (1,213)
Income taxes	166	338

Loss - cont. oper.	\$ (3,386)	\$ (1,551)
Loss - discont. oper.	(947)	(822)
Minority interest	(35)	—

Net Loss	\$ (4,368)	\$ (2,373)
Extraord. loss	(2,450)	—

Net Loss & extraord. loss	\$ (6,818)	\$ (2,373)
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Assets (000's)

As of Dec. 31	1986	1985
Accts. receiv., net	\$ 10,942	\$ 14,061
Accts. receiv. from oper. sold	33,425	—
*Inventories	30,585	42,696

Current Assets	\$ 74,952	\$ 56,757
Income taxes	—	2,168
Investments	5,400	6,000
#Fixed assets	9,207	19,213
Goodwill	637	—

Total Assets	\$ 90,196	\$ 84,138
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Liabilities (000's)

Short-term loans	\$ 43,392	\$ 35,722
Accts. payable & accruals	15,111	10,906
Inc. taxes payable	49	—
Long-term debt, curr.	1,421	926

Curr. Liabilities	\$ 59,973	\$ 47,554
Long-term debt	8,110	9,525
Deferred inc. taxes	100	—
Minority interest	290	—
+ Preferred stock	1,624	1,624
+ Common stock	—	—
Class A	12,482	10,888
Class B	727	741
Retained earnings	6,890	13,806

Total Liabilities & Shareholders' Equity	\$ 90,196	\$ 84,138
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* At lower of cost (FIFO) or net realizable value.
Less accumulated depreciation and depletion.
+ No par value.

Statistical Summary

Sales to Inventories	4.58	3.11
Debt to Equity	0.44	0.39
Working Capital	\$14,975,000	\$ 8,792,000
Current Ratio	1.25	1.18
Shareholders' Equity	\$21,723,000	\$27,059,000

Rhodes, Inc.

4370 Peachtree Road, N.E.
Atlanta, Georgia 30319
(404) 264-4600

Officers: J. Mack Robinson, chairman of the board & chief executive officer; Samuel E. Hudgins, vice chairman; Irwin L. Lowenstein, president & chief operating officer; Ronald D. Phillips, exec. v.p.-operations; Joseph A. Daniels, sr. v.p.-finance & treasurer; George G. Harris, sr. v.p.-field operations; Jack A. Hurst, sr. v.p.-training; William E. Anderson, secretary & general counsel; Joel H. Dugan, v.p.-accounting & information services; William C. Morris, v.p. & regional mgr.; Gary L. O'Grady, v.p.-credit; Robert A. Diprova, controller.

Directors: J. Mack Robinson, chairman of the board; Guy W. Botts, E.C.A. Forsberg, Sr., Samuel E. Hudgins, Carl W. Knobloch, Jr., Irwin L. Lowenstein, Harriett J. Robinson, Lester Varn, Jr., Charles B. West, William H. Whaley, Don H. Wyant.

Rhodes, Inc.

Business Activities: Operates 86 home furnishings retail stores in ten southeastern and south central states.

Transfer Agent(s):

Wachovia Bank & Trust Company, N.A.
Corporate Trust Department
P.O. Box 3001
Winston-Salem, North Carolina 27102

Stock Exchange(s): New York

Ticker Symbol: RHD

Number of Stores: (at fiscal year end)

1987	83	1984	58
1986	77	1983	51
1985	70		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 234,512,000	\$ 12,044,000
1986	197,331,000	12,414,000
1985	166,923,000	9,846,000
1984	129,438,000	8,043,000
1983	100,428,000	3,962,000

No. of Com. Shares ‡

	Earn. per Share ‡
1987	\$ 1.40
1986	1.61
1985	1.27
1984	1.17
1983	0.61

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.34	—	—
1986	0.28	—	—
1985	0.21	—	—
1984	0.16	—	—
1983	0.11	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 109,771,000	\$ 12.78
1986	71,074,000	9.22
1985	61,774,000	7.98
1984	53,397,000	7.76

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Feb. 28	1987	1986
Net sales	\$ 234,512	\$ 197,331
Cost of sales	133,723	110,396
Expenses	91,547	74,549
Interest expense	6,532	7,677
Prov. for credit losses	(17)	(781)
Income before taxes	\$ 23,341	\$ 23,420
Income taxes	11,297	11,006
Net Income	\$ 12,044	\$ 12,414

* Included in Costs and Expenses, Depreciation and Amortization: \$5,120,000 in 1987 and \$4,612,000 in 1986.

Assets (000's)

As of Feb. 28	1987	1986
Cash	\$ 1,261	\$ 953
Install. receivables	156,138	132,216
*Inventories	36,773	28,105
Prepaid expenses	3,138	2,857
Current Assets	197,310	164,131

#Fixed assets	\$ 40,658	\$ 36,843
Capitalized real estate leases	13,115	13,873
Other assets	542	576
Total Assets	\$ 251,625	\$ 215,423

Liabilities (000's)

Commercial paper	\$ 16,472	\$ 17,023
Notes payable	4,500	16,000
Long-term debt, curr.	1,036	944
Accis. payable	17,263	11,421
Accrued sales tax	5,840	4,884
Accruals	9,556	7,897
Income taxes	7,710	1,235
Deferred gain	318	318
Deferred income taxes	24,539	28,878

Curr. Liabilities	\$ 87,234	\$ 88,600
Long-term debt	940	975
Oblig. under cap. leases	32,110	32,756
Deferred gain	5,250	5,568
+ Common stock	9,101	7,751
Add. paid-in capital	42,532	9,936
Retained earnings	63,390	54,378
Treasury stock	(5,252)	—

Total Liabilities & Shareholders' Equity	\$ 251,625	\$ 215,423
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* At lower of cost (LIFO) or market.
‡ Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.95	11.87
%Net Income to Sales	5.14	6.29
%Net Income to Equity	10.97	17.47
Sales to Inventories	6.38	7.02
Debt to Equity	0.35	0.71
Working Capital	\$110,076,000	\$75,531,000
Current Ratio	2.26	1.85
Shareholders' Equity	\$109,771,000	\$71,074,000

Rite Aid Corporation

Railroad Avenue and Trindle Road
Shiremanstown, Pennsylvania 17011
(717) 761-2633

Mailing address:

P.O. Box 3165
Harrisburg, Pennsylvania 17105

Officers: Alex Grass, chairman of the board and president; Martin Grass, exec. v.p.; Timothy Noonan, Alex Schamroth, Franklin C. Brown, Duane Ruble, Frank Bergonzi, Howard Diener, Roger Grass, Robert Souder, sr. v.p.'s; Murray G. Dickman, sr. v.p.-administration, Ronald A. Miller, sr. v.p.-distribution; Robert F. Brown, v.p. & treasurer; Charles Slane, v.p. & secretary; Gerald Cardinale, Joe Groelly, Walter K. McCahan, Stuart Becker, David L. Dalton, Michael Flaherty, James Krahulec, John Valvano, Philip Markovitz, Thomas M. Rouen, Michael Morris, vice presidents; Joseph Rosen, v.p.-Sera-Tec Biologicals; I. Lawrence Gelman, asst. v.p. & asst. secretary; George Fegan, James O. Lott, Jr., Edward Neiman, John Palermo, Joseph T. Skaggs, Eric S. Sorkin, John McNamara, P. Douglas Stone, Barry Criss, Marlin Fike, Daniel Garber, John R. Hartman, Frederick Karker, Vivien J. Mann, Ray McKeeby, Alan Reid, Barry Sheaffer, Fred Wendie, asst. v.p.'s.

Directors: Alex Grass, chairman; Franklin C. Brown, Martin Grass, Leonard N. Stern, Philip Neivert, Philip Zinman, Henry Taub, Richard L. Thornburgh, Gerald Tsai, Jr.

Areas of Work: Owns and operates a chain of discount drug stores and health and beauty aid stores in Connecticut, Maryland, Virginia, New Jersey, New York, Pennsylvania, New Hampshire, Delaware, Massachusetts, Vermont, Indiana, Florida, Alabama, Georgia, Michigan, Tennessee, Kentucky, Ohio, West Virginia, North Carolina, South Carolina and Rhode Island. These stores are called Rite Aid, Drug Palace, SuperRx, and Gray Drug Fair. The company holds a 46.8% interest in Super Rite Foods, Inc., a grocery wholesaler and retailer. The company also owns a 28.2% interest in Super-

drug, Stores P.L.C., which operates a chain of 297 health and beauty aid stores in Great Britain. In addition, operates ADAP, Inc., a chain of 59 discount automotive parts stores; Encore Books, a chain of 40 discount book stores in nine northeastern and mid-Atlantic states; and nine home health care centers. Medical services involve specialized blood banking operations.

Divisions and Subsidiaries:

Sera-Tec Biologicals
525 Milltown Road
North Brunswick, New Jersey 08902
(201) 846-6800

ADAP

600 Bodwell Street
Aven, Maine 02322
(617) 587-8400

Encore Books

34 South 17th Street
Philadelphia, Pennsylvania 19103
(215) 563-6920

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York 10015

Registrar and Transfer Co.
Jersey City, New Jersey 07302

Stock Exchange(s): New York, Pacific

Ticker Symbol: RAD

Number of Stores: (at fiscal year end)*

1987	1,693	1984	1,147
1986	1,485	1983	1,055
1985	1,351		

* Continuing operations only.

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	\$ 1,756,706	\$ 77,984
1986	1,564,119	67,924
1985	1,360,469	69,936
1984*	1,149,559	74,261
1983	1,003,320	54,978

No. of Com. Shares ‡

	Earn. per Share ‡
1987	\$ 1.89
1986	1.52
1985	1.69
1984*	1.76
1983	1.31

* 53 weeks.

+ Of continuing operations only.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1987	1986
Retail drug	\$1,656,121,000	\$1,472,831,000
Medical services	26,489,000	23,039,000
Specialty retailing	74,096,000	68,249,000
Total	\$1,756,706,000	\$1,564,119,000

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.600	—	—
1986	0.520	—	—
1985	0.433	—	—
1984	0.343	—	2-for-1
1983	0.280	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 452,544,000	\$ 10.96
1986	397,993,000	9.65

1985	353,665,000	8.57
1984	323,797,000	7.68
1983	260,676,000	6.19

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *		
(000's)		
Year ended	2/28/87	3/1/86
Net sales	\$ 1,756,706	\$ 1,564,119
Cost of sales	1,254,186	1,115,764
Expenses	346,602	304,525
Interest expense	22,935	19,891
Income before taxes	\$ 132,983	\$ 123,939
Income taxes	59,840	59,986
Eq. in earn. of 50% or less owned cos.	(4,841)	(3,971)
Inc. - cont. oper.	\$ 77,984	\$ 67,924
Loss-discont. oper.	—	(5,377)
Net Income	\$ 77,984	\$ 62,547

* Included in Costs and Expenses, Depreciation and Amortization: \$44,310,000 in 1987 and \$37,204,000 in 1986.

Assets		
(000's)		
As of	2/28/87	3/1/86
Cash & short-term invest.	\$ 17,796	\$ 13,883
Marketable securities	5,920	5,920
Notes receivable	1,726	10,076
Accts. & notes receiv., net	80,499	67,845
*Inventories	433,386	340,686
Prepaid expenses & other assets	10,402	10,076
Current Assets	\$ 549,729	\$ 448,486
Investments & advances	31,632	26,713
*Fixed assets	314,876	250,240
Other assets	11,319	8,647
Intangibles	56,774	58,081
Total Assets	\$ 964,330	\$ 792,167

Liabilities		
(000's)		
Short-term debt	\$ 173,500	\$ 92,000
Long-term debt, curr.	4,449	4,938
Accts. payable	113,348	97,466
Accruals	11,641	6,577
Income taxes	6,844	8,359
Other taxes	5,556	5,494

Curr. Liabilities	\$ 315,338	\$ 214,834
Long-term debt	153,399	146,146
Deferred income taxes	43,049	33,194
+ Common stock	42,388	42,361
Add. paid-in capital	1,337	995
Retained earnings	430,748	377,532
Unreal. for. currency translation losses	(1,144)	(2,109)
Treasury stock	(20,786)	(20,786)

Total Liabilities & Shareholders' Equity	\$ 964,330	\$ 792,167
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* At lower of cost or market. Retail drug inventories at LIFO; all others at FIFO.
‡ Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	7.57	—
%Net Income to Sales	4.44	—
%Net income to Equity	17.23	15.72
Sales to Inventories	4.05	4.59
Debt to Equity	0.34	0.61
Working Capital	\$234,391,000	\$233,652,000
Current Ratio	1.74	2.09
Shareholders' Equity	\$452,544,000	\$397,993,000

Rose's Stores, Inc.

P. H. Rose Building
P.O. Drawer 947
Henderson, North Carolina 27536
(919) 492-8111

Officers: L. H. Harvin, III, chairman & chief executive officer; Jack Edwards, president & chief operating officer; J. Avery Roberts, Jr. sr. v.p.-human resources; John W. Little, sr. v.p.-merchandise; Jack E. Bush, sr. v.p.-operations & customers; John H. McElroy, v.p.-marketing; R. Edward Anderson, v.p.-info. systems & controller; D.C. Rose, v.p.-finance & treasurer; T.B. Rose, III, v.p.-distribution & warehouse merchandising; George M. Harvin, v.p.-expansion & real estate; G.B. Rush, secretary & asst. treasurer; Joseph D. Osowski, v.p. & gen. merchandise mgr.; William Warren, Nelson J. Tucker, regional v.p.'s-operations.

Directors: J. T. Church, Sam Ayoub, L. H. Harvin, III, R. H. Jenrette, R. G. Kittrell, Jr., D. C. Rose, Elizabeth C. Bacon, Ralph W. Ketner, Jack Edwards, George M. Harvin, Albert N. Whiting.

Business Activities: Operates a chain of discount stores in thirteen southeastern states.

Transfer Agent(s): Wachovia Bank & Trust Co., N.A.
Winston-Salem, North Carolina

Stock Exchange(s): Over-the-Counter

Ticker Symbol: RSTO (NASDAQ)

Number of Stores: (at fiscal year end)			
1985	204	1982	238
1984	193	1981	234
1983	191		

Sales and Earnings			
	Net Sales	Net Income	
1985	\$1,009,208,000	\$ 20,322,000	
1984	927,395,000	23,898,000	
1983	829,286,000	21,886,000	
1982	661,903,000	11,559,000	
1981	594,759,762	8,241,658	
	No. of Com. Shares #	Earn. per Share #	
1985	10,264,668	\$ 1.98	
1984	10,265,514	2.33	
1983	9,663,130	2.26	
1982	9,493,065	1.22	
1981	9,544,905	0.86	

Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend‡	Stock Dividend	Stock Split
1985	\$0.38	—	—
1984	0.37	—	—
1983	0.27	—	3-for-2 & 3-for-1
1982	0.18	—	—
1981	0.18	—	—

‡ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1985	\$ 160,828,000	\$ 15.67
1984	144,130,000	14.04
1983	124,062,000	12.84
1982	89,725,000	9.45
1981	79,891,086	8.37

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account *		
Year ended	1/29/86	1/30/85
Net sales	\$1,009,208,000	\$ 927,395,000
Cost of sales	778,282,000	709,624,000

Expenses	\$185,904,000	\$ 164,339,000
Prof. sh. plan	5,939,000	7,329,000
Interest expense	5,061,000	4,205,000
Income before taxes	\$ 34,022,000	\$ 41,898,000
Income taxes	13,700,000	18,000,000
Net Income	\$ 20,322,000	\$ 23,898,000

* Included in Costs and Expenses, Depreciation and Amortization: \$14,046,000 in 1985 and \$9,405,000 in 1984.

Assets		
As of	1/29/86	1/30/85
Cash & cash equivalents	\$ 5,546,000	\$ 7,176,000
Accts. receiv., net	6,258,000	4,550,000
*Inventories	226,349,000	174,801,000
Def. inc. tax benefits	4,454,000	3,981,000
Other curr. assets	1,573,000	815,000
Current Assets	\$ 233,088,000	\$ 191,323,000
*Fixed assets	63,046,000	51,112,000
Other assets	359,000	493,000
Capitalized real estate leases	16,011,000	12,653,000
Total Assets	\$ 312,504,000	\$ 255,581,000

Liabilities		
Long-term debt, curr.	\$ 5,865,000	\$ 1,653,000
Accts. payable	62,615,000	41,697,000
Prof. sh. plan	5,939,000	7,329,000
Accrued payroll	12,363,000	11,595,000
Income taxes	5,699,000	8,115,000
Other liabilities	12,931,000	12,386,000
Cap. lease oblig., curr.	3,639,000	2,165,000
Curr. Liabilities	\$ 109,051,000	\$ 84,940,000
Long-term debt	24,107,000	11,947,000
Deferred inc. taxes	3,835,000	2,595,000
Capital lease oblig. + Non-voting Class B stock	14,683,000	11,969,000
+ Common stock	18,237,000	17,961,000
+ Retained earnings	2,250,000	2,250,000
Treasury stock	145,160,000	128,738,000
	(4,819,000)	(4,819,000)
Total Liabilities & Shareholders' Equity	\$ 312,504,000	\$ 255,581,000

* At cost (LIFO).
‡ Less accumulated depreciation and amortization.
+ \$1.25 par value.

Statistical Summary		
%Income bef. Taxes to Sales	3.37	4.52
%Net Income to Sales	2.01	2.58
%Net income to Equity	12.64	16.58
Sales to Inventories	4.46	5.31
Debt to Equity	0.30	0.19
Working Capital	\$124,037,000	\$106,383,000
Current Ratio	2.14	2.25
Shareholders' Equity	\$160,828,000	\$144,130,000

Ross Stores, Inc.

8333 Central Avenue
P.O. Box 728
Newark, California 94560
(415) 790-4400

Officers: Stuart G. Moldaw, chairman of the board & chief exec. officer; Norman A. Ferber, president & chief operating officer; Gregory L. Baldwin, exc. v.p.-operations; Alan Schlesinger, exc. v.p. & gen. mdse. mgr.; Herbert F. Golden, sr. v.p.-corp. development & secretary; Richard Oppenheimer, sr. v.p. & chief financial officer; Michael J. Finn, v.p. & div. mdse. mgr.; David Goldman, v.p.-marketing; Peter Hart, sr. v.p.-mgmt. info. systems; David Morrison, v.p.-distribution; Michael E. Signorelli, v.p. & div. mdse. mgr.; J. Bernard Tillotson, v.p.-personnel; Richard A. Watson, v.p.-adm. services; Earl T. Benson, treasurer, asst. secretary & controller.

Ross Stores, Inc.

Directors: Stuart G. Moldaw, chairman; William K. Bowes, Jr., Franklin P. Johnson, Jr., George P. Orban, Donald H. Seiler, Stewart Turley, Norman A. Ferber, Donald G. Fisher, Donna L. Weaver.

Business Activities: Operates a chain of off-price retail stores offering brand-name fashion apparel, shoes, and bed and bath linens for the entire family.

Transfer Agent(s):

Bank of America
San Francisco, California

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1987	121	1984	26
1986	107	1983	26
1985	66		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 534,413,000	\$ (41,449,000)
1986	375,945,000	7,055,000
1985	210,509,000	6,668,000
1984	75,988,000	307,000
1983*	13,517,000	(67,000)

No. of Com. Shares ‡

	Earn. per share ‡
1987	\$ —
1986	0.30
1985	0.35
1984	0.02
1983*	—

(Loss)

× 53 weeks.

* 6 months.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2
1985	—	—	2-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 84,945,000	\$ 3.30
1986	126,346,000	5.31
1985	33,999,000+	1.81
1984	8,001,000+	0.51

+ After allowing for preferred stock at stated value.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Income Account (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 534,413	\$ 375,945
Sales of leased depts.	(6,901)	(9,277)
Other income	730	1,499
Total income	\$ 528,242	\$ 368,167
Cost of sales	403,258	269,279
Expenses	114,562	78,960
Depreciation & amortization	8,518	5,627
Interest expense	7,947	3,387
Prov. for store closures	39,432	—
Income (loss) bef. taxes	\$ (45,475)	\$ 10,914
Income taxes (credit)	(4,026)	3,859
Net Income (Loss)	\$ (41,449)	\$ 7,055

Assets (000's)

As of	1/31/87	2/1/86
Cash	\$ 2,993	\$ 2,842
Accts. receiv., net	5,831	2,605
*Inventories	134,993	133,849
Def. store opening exp.	4,372	5,302
Prepaid expenses	4,718	4,551
Current Assets	\$ 152,907	\$ 149,149
#Fixed assets	97,941	84,926
Lease rights	4,908	5,669
Other assets	3,725	2,137
Intangibles	4,854	4,919
Total Assets	\$ 264,335	\$ 246,800

Liabilities (000's)

	1/31/87	2/1/86
Notes payable	\$ —	\$ 17,329
Long-term debt, curr.	578	2,975
Accts. payable	47,869	54,472
Accruals	22,248	2,290
Accrued payroll	3,393	1,827
Income taxes	—	974
Curr. Liabilities	\$ 74,088	\$ 79,867
Long-term debt	88,481	31,855
Deferred inc. taxes	16,821	8,732
+ Common stock	257	257
Add. paid-in capital	112,174	112,126
Retained earnings (def.)	(27,486)	13,963
Total Liabilities & Shareholders' Equity	\$ 264,335	\$ 246,800

* At lower of cost or market determined under the unit cost method.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.90
%Net Income to Sales	1.88
%Net Income to Equity	5.58
Sales to Inventories	3.96
Debt to Equity	1.04
Working Capital	\$78,819,000
Current Ratio	2.06
Shareholders' Equity	\$84,945,000

Ruddick Corporation

2000 First Union Plaza
Charlotte, North Carolina 28282
(704) 372-5404

Officers: R. Stuart Dickson, chairman of the board; Alan T. Dickson, president; Richard N. Bridgen, v.p.-finance; Herman B. McManaway, v.p.; John L. Channon, treasurer; D.B. Williams, asst. treasurer & secretary; James O. Stephens, asst. secretary; Mickey F. Frye, asst. treasurer.

Directors: R. Stuart Dickson, chairman; Alan T. Dickson, Thomas M. Belk, Hugh L. McColl, Jr., James E.S. Hynes, Roddey Dowd, Jord H. Jordan, Jr., John C. Hutchens, E.C. Wall, Jr.

Business Activities: A holding company, operating supermarkets in North and South Carolina, Tennessee and Virginia through its subsidiary, Harris-Teeter Super Markets, Inc. The company also controls various manufacturing and distribution operations, and is involved in venture capital investments.

Subsidiaries:

Harris-Teeter Super Markets, Inc.
P.O. Box 33129
Charlotte, North Carolina 28233
(704) 567-3000

Operates 112 supermarkets in North and South Carolina, Virginia and Tennessee.

American & Efrid Mills, Inc.
Mount Holly, North Carolina
(704) 827-4311

Primarily a manufacturer of industrial sewing thread and also produces sales yarn. A & E operates 10 plants in North Carolina.

Jordan Graphics, Inc.

P.O. Box 668306
Charlotte, North Carolina 28266
(704) 394-2121

Producer and distributor of a broad line of business forms.

Ruddick Investment Company (RIC)

2000 First Union Plaza
Charlotte, North Carolina 28282
(704) 372-5404

Venture capital investments.

Transfer Agent(s):

Wachovia Bank & Trust Co., N.A.
Winston-Salem, North Carolina

Stock Exchange(s): American

Ticker Symbol: RDK

Number of Stores: (at fiscal year end)

1986	112	1983	70
1985	109	1982	69
1984	128		

Sales and Earnings

	Net Sales +	Net Income
1986	\$ 883,641,000	\$ 13,425,000
1985	881,841,000	12,559,000
1984	730,060,000	13,221,000
1983	541,327,000	10,605,000
1982	521,759,000	9,113,000

No. of Com. Shares ‡

	Earn. per Share ‡
1986	\$ 1.40
1985	1.30
1984	1.49
1983	1.32
1982	1.13

+ Of continuing operations only.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1986	1985
American & Efrid Mills	\$ 108,268	\$ 99,492
Harris-Teeter Super Markets	731,639	741,727
Jordan Business Forms	4,34	40,622
Total	\$ 883,641	\$ 881,841

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.42	—	2-for-1
1985	0.38	—	—
1984	0.43	—	—
1983	0.38	—	—
1981	0.34	—	—

‡ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1986	\$ 117,597,000	\$ 12.25
1985	108,165,000	11.21
1984	99,277,000	11.22
1983	75,881,000	9.43
1982	67,618,000	8.40

‡ After allowing for preference stock at par values.

Based on the average number of shares outstanding adjusted to reflect stock split.

Income Account *		
Year ended	9/28/86	9/29/85
Net sales	\$ 883,641,000	\$ 881,841,000
Cost of sales	696,067,000	699,109,000
Expenses	161,839,000	155,985,000
Interest expense	4,247,000	4,446,000
Earn. of unconsol. subid.	(2,834,000)	(1,363,000)
Other expense	2,043,000	1,637,000
Income before taxes	\$ 22,279,000	\$ 22,027,000
Income taxes	8,854,000	9,468,000
Net Income	\$ 13,425,000	\$ 12,559,000

* Included in Costs and Expenses, Depreciation: \$16,200,000 in 1986 and \$14,230,000 in 1985.

Assets		
As of	9/28/86	9/29/85
Cash	\$ 13,310,000	\$ 5,308,000
Accts. receiv., net	26,364,000	24,300,000
*Inventories	73,027,000	68,502,000
Other assets	4,035,000	3,013,000
Current Assets	\$ 116,736,000	\$ 101,123,000
*Fixed assets	126,278,000	120,970,000
Investments & other assets	20,765,000	15,637,000
Total Assets	\$ 263,779,000	\$ 237,730,000

Liabilities		
Long-term debt, curr. Oblig. under capital lease, curr.	\$ 5,178,000	\$ 5,231,000
Accts. payable	452,000	790,000
Income taxes	48,224,000	39,082,000
Accruals	2,512,000	1,257,000
	18,349,000	17,861,000

Curr. Liabilities	\$ 74,715,000	\$ 64,221,000
Long-term debt	44,334,000	41,481,000
Oblig. under capital lease	2,971,000	3,396,000
Deferred inc. taxes	23,023,000	18,590,000
+ Preference stock	1,139,000	1,877,000
+ + Common stock	9,190,000	4,447,000
Add. paid-in capital	14,086,000	18,073,000
Retained earnings	95,106,000	85,645,000
Treasury stock	(785,000)	—
Total Liabilities & Shareholders' Equity	\$ 263,779,000	\$ 237,730,000

* At lower of cost (LIFO & FIFO) or market.

* Less accumulated depreciation.

+ \$5 par value.

+ + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	2.52	2.50
%Net Income to Sales	1.52	1.42
%Net Income to Equity	11.31	11.41
Sales to Inventories	12.10	12.87
Debt to Equity	0.42	0.46
Working Capital	\$ 42,021,000	\$ 36,902,000
Current Ratio	1.56	1.57
Shareholders' Equity	\$118,736,000	\$110,042,000

Safeway Stores, Incorporated

(Acquired by Kohlberg Kravis Roberts on November 24, 1986.)

Fourth and Jackson Streets
Oakland, California 94660
(415) 891-3000

Officers: Peter A. Magowan, chairman and chief executive officer; James A. Rowland, president and chief operating officer; Edward N. Henney, exec. v.p.-supply operations; E. Richard Jones, exec. v.p.-information services & planning; Harry D. Sunderland, exec. v.p. & chief financial officer; John

Bell, John S. Kimball, William H. Maloney, Donald J. Smith, William D. Lowe, group v.p.'s; Robert H. Kimmie, v.p. & chairman, president & chief exec. officer-Canada Safeway Limited; William M. Albers, sr. v.p.-distribution; Robert E. Bradford, sr. v.p.-public affairs; F.J. Dale, sr. v.p. & controller; Roderick W. Davis, sr. v.p.-management information systems; Philip G. Horton, sr. v.p.-real estate & engineering; John L. Morris, sr. v.p. & corporate economist; John L. Repass, sr. v.p.-human resources; Bernat Rosner, sr. v.p.-law, secretary & general counsel; Patrick S. Totman, sr. v.p.-finance.

Directors: John F. Bookout, William H. Webster, Brayton Wilbur, Jr., Percy Chubb, III, Mary Gardiner Jones, Harry D. Sunderland, James R. Harvey, Roger D. Lapham, Jr., James A. Rowland, Merrill L. Magowan, Edward N. Henney, C. Robert Kemp, Marjorie S. Kinney Thomas, Peter A. Magowan, Samuel H. Armacost, Peter C. Bawden, Steven Muller, John Sulley.

Business Activities: Operates a chain of supermarkets in the United States, Canada, and The United Kingdom.

Subsidiaries:

Canada Safeway Limited
Safeway Food Stores Limited (United Kingdom)
Empress Foods Limited (Canada)
Lucerne Foods Limited (Canada)
Johs. Esmarch's EFTF. A/S (Denmark)

Transfer Agent(s):

First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s):* New York, Pacific, Boston, Midwest, London.

* Listed and/or traded.

Ticker Symbol: SA

Number of Stores: (at fiscal year end)

1985	2,365	1982	2,454
1984	2,571	1981	2,477
1983	2,507		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1985	\$ 19,650,542	\$ 231,300
1984	19,642,201	185,011
1983	18,585,217	183,303
1982	17,632,821	159,660
1981	16,580,318	108,284

	No. of Com. Shares +	Earn. per Share #
1985	60,360,000	\$ 3.83
1984	59,226,997	3.12
1983	56,163,014	3.26
1982	52,261,216	3.06
1981	52,231,834	2.07

+ Adjusted to reflect stock split.

Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1985	\$1.625	—	—
1984	1.525	—	—
1983	1.425	—	2-for-1
1982	1.325	—	—
1981	1.30	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share †
1985	\$ 1,622,614	\$ 26.67
1984	1,469,023	24.54
1983	1,390,354	23.66
1982	1,137,095	21.74
1981	1,075,098	20.59

† Adjusted to reflect stock split.

Income Account *		
Year ended	12/28/85	12/29/84
Net sales	\$ 19,650,542	\$ 19,642,201
Cost of sales	14,872,247	15,004,547
Expenses	4,350,635	4,214,443
Oper. profit	\$ 427,660	\$ 423,211
Other income	49,816	26,874
Gain on sale	49,046	—
Total	\$ 526,522	\$ 450,085
Interest expense	172,906	151,263
Income before taxes	\$ 353,616	\$ 298,822
Income taxes	122,316	113,811
Net Income	\$ 231,300	\$ 185,011

* Included in Costs and Expenses, Depreciation and Amortization: \$333,398,000 in 1985 and \$295,290,000 in 1984.

Assets		
As of	12/28/85	12/29/84
Cash	\$ 224,614	\$ 74,442
Receiv., net	111,870	105,166
*Inventories	1,565,566	1,563,244
Prepaid expenses	124,431	118,537
Current Assets	\$ 2,026,481	\$ 1,861,389
*Fixed assets	2,636,698	2,599,856
Other assets	177,432	75,984
Total Assets	\$ 4,840,611	\$ 4,537,229

Liabilities		
As of	12/28/85	12/29/84
Notes payable	\$ 80,848	\$ 44,913
Long-term debt, curr.	52,049	48,274
Cap. lease oblig., curr.	43,396	45,427
Accts. payable and accruals	1,520,581	1,376,912
Income taxes	27,827	20,431
Curr. Liabilities	\$ 1,724,701	\$ 1,535,957
Long-term debt	689,470	646,532
Cap. lease oblig.	625,551	746,178
Accrued claims	178,275	139,539
+ Common stock	101,411	99,756
Add. paid-in capital	273,776	246,964
Cum. transl. adjust.	(164,035)	(155,994)
Retained earnings	1,411,462	1,278,297
Total Liabilities & Shareholders' Equity	\$ 4,840,611	\$ 4,537,229

* U.S. stores and warehouse finished goods and inventories of grocery items valued by retail inventory method on a LIFO basis. All other inventories at lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1.66 1/2 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.80	1.52
%Net Income to Sales	1.18	0.94
%Net Income to Equity	14.25	12.59
Sales to Inventories	12.55	12.57
Debt to Equity	0.92	1.04
Working Capital	\$ 301,780,000	\$ 325,432,000
Current Ratio	1.17	1.21
Shareholders' Equity	\$1,622,614,000	\$1,469,023,000

Sage-Allen & Co. Inc.

900 Main Street
Hartford, Connecticut 06103
(203) 278-2570

Sage-Allen & Co. Inc.

Officers: Lafayette Keeney, chairman of the board, chief executive officer & treasurer; Charles Allen Haine, president & chief operating officer; David R. Bonney, sr. v.p. & chief financial officer; Frank L. Toro, v.p.-operations; Michael T. Durvin, sr. v.p. & gen. mng. mgr.; Rebecca Gilbert, v.p.-personnel; Craig A. Fleming, v.p.-branch stores; Ronald Carina, v.p. & dir.-loss prevention; Harvey Syde, v.p.-credit operations; Norman G. Novak, v.p.-management info. systems; Susan Scherer, v.p.-sales promotion; Allen Lynn Westphal, secretary.

Directors: Charles Allen Haine, Lafayette Keeney, Hertrand L. McTeague, Jane A. Merrick, S. Michael Schatz, William K. Walton, Allen Lynn Westphal, Ted J. Crew, David R. Bonney.

Business Activities: Operates a chain of specialty department stores principally in Connecticut.

Transfer Agent(s):

American Stock Transfer Company
99 Wall Street
New York, New York 10005

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SGAL (NASDAQ)

Number of Stores: (at fiscal year end)

	14	1984	12
1987	13	1983	12
1986	12		
1985			

Sales and Earnings

	Net Sales	Net Income
1987	\$ 77,702,291	\$ 1,496,806
1986	71,062,480	1,572,849
1985	65,589,973	1,428,780
1984	61,686,587	1,705,157
1983	58,149,965	1,432,917

No. of Com. Shares +

	Earn. per Share †
1987	1,513,423
1986	1,513,785
1985	1,515,517
1984	1,525,267
1983	1,646,931

+ Adjusted to reflect stock splits.

† Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.27	—	3-for-2
1986	0.24	—	—
1985	0.27	—	—
1984	0.22	—	3-for-2
1983	0.13	—	—

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 17,386,302	\$ 11.49
1986	16,315,590	10.78
1985	15,137,983	9.99
1984	14,212,921	9.32
1983	13,598,158	8.26

+ Adjusted to reflect stock splits.

Income Account *

Year ended	3/31/87	2/1/86
Net sales	\$ 77,702,291	\$ 71,062,480
Cost of sales	45,203,218	42,219,003
Expenses	28,337,558	24,732,358
Interest expense	1,061,059	1,123,674
Other expense (income)	(111,051)	31,680
Income before taxes	\$ 3,211,507	\$ 2,955,765
Income taxes	1,714,701	1,382,916
Net Income	\$ 1,496,806	\$ 1,572,849

* Included in Costs and Expenses, Depreciation and Amortization: \$1,396,081 in 1987 and \$1,246,765 in 1986.

As of	1/31/87	2/1/86
Cash	\$ 1,830,028	\$ 82,483
Accts. receiv., net	11,489,631	13,782,993
Inventories	12,129,532	8,703,462
Prepaid expenses	1,008,576	816,299
Current Assets	\$ 26,457,767	\$ 23,385,237
Fixed assets	12,792,629	12,765,794
Other assets	76,017	74,480
Total Assets	\$ 39,326,413	\$ 36,225,511

Liabilities

Long-term debt, curr.	\$ 899,400	\$ 893,518
Notes payable	—	1,500,000
Accts. payable	5,023,758	4,019,175
Accruals	3,144,825	2,579,950
Income taxes	1,960,008	3,259,250
Current Liabilities	\$ 11,027,991	\$ 12,251,893
Long-term debt	7,589,944	6,489,344
Deferred inc. taxes	929,719	707,175
Other liabilities	2,392,457	461,509
+ Common stock	170,234	113,496
Add. paid-in capital	1,305,151	1,305,151
Retained earnings	16,891,298	15,855,951
Treasury stock	(980,381)	(959,008)
Total Liabilities & Shareholders' Equity	\$ 39,326,413	\$ 36,225,511

* At cost (LIFO).

† Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	4.13	4.16
%Net Income to Sales	1.93	2.21
%Net Income to Equity	8.61	9.64
Sales to Inventories	6.41	8.16
Debt to Equity	0.44	0.54
Working Capital	\$15,429,776	\$11,133,344
Current Ratio	2.40	1.91
Shareholders' Equity	\$17,386,302	\$16,315,590

Schultz Sav-O Stores, Inc.

2215 Union Avenue
Sheboygan, Wisconsin 53081
(414) 457-4433

Officers: Howard C. Dickelman, chairman of the board; James H. Dickelman, president & chief exec. officer; J.D. Ison, vice p.p. & dir.-corp. operations; Thomas Fox, v.p. & dir.-retail operations; Oscar O. Ward, v.p. & dir.-meat operations; Frank D. Welch, v.p. & dir.-engineering; Robert A. Hobart, v.p. & dir.-mngt. info. services; John H. Dahly, sr. v.p. & chief financial officer; Jacob A. Stroo, secretary; Michael Houser, v.p. & dir.-marketing; David Sweeney, v.p. & dir.-Sheboygan distribution & transportation; Carl Luecke, v.p. & dir.-produce.

Directors: Howard C. Dickelman*, chairman; James H. Dickelman*, Gerald G. Grube, Jacob A. Stroo, Bernard S. Kubale, J.D. Ison*, Thomas Fox, John H. Dahly*, William Jacobson.

* Member of the Executive Committee.

Business Activities: Operates 39 corporate-owned Piggly Wiggly supermarkets and Sav-O stores in Wisconsin and Illinois and supplies 40 franchise stores in east-central Wisconsin. In addition to servicing this group, the Company also supplies dry groceries, fresh produce, dairy and meat products to approximately 90 independent retail food operations in Wisconsin.

Division:

Springtime Beverage Division

Transfer Agent(s):

First Interstate Trust Company of Wisconsin
Sheboygan, Wisconsin

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)*

1986	39	1983	39
1985	40	1982	39
1984	38		

* Corporate-owned stores only.

Sales and Earnings

	Net Sales	Net Income
1986*	\$ 406,611,000	\$ 2,394,000
1985	383,144,000	1,527,000
1984	367,574,679	1,110,764
1983	368,813,385	1,109,805
1982	362,464,416	1,301,405

No. of Com. Shares ‡

	Earn. per Share †
1986*	351,777
1985	351,806
1984	350,817
1983	338,766
1982	551,068

* 53 weeks.

† Adjusted to reflect stock dividend.

‡ Based on the weighted average number of common shares outstanding during each year.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.525	—	—
1984	0.50	—	—
1983	0.50	—	—
1982	0.50	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share
1986	\$ 12,869,000	\$ 36.58
1985	10,695,000	30.40
1984	9,348,421	26.65
1983	8,261,104	24.39
1982	12,068,949	21.90

‡ After allowing for preferred stock at par value of \$100 per share.

Income Account *

Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 406,611,000	\$ 383,144,000
Cost of sales	395,035,000	373,178,000
Expenses	5,903,000	6,011,000
Interest expense	1,396,000	1,645,000
Other income	(559,000)	(678,000)
Income before taxes	\$ 4,836,000	\$ 2,987,000
Income taxes	2,442,000	1,460,000
Net Income	\$ 2,394,000	\$ 1,527,000

* Included in Costs and Expenses, Depreciation and Amortization: \$3,444,000 in 1986 and \$3,118,000 in 1985.

As of	1/3/87	12/28/85
Cash	\$ 2,158,000	\$ 1,950,000
Accts. receiv., net	3,186,000	3,584,000
Inventories	20,302,000	16,116,000
Prepaid expenses	251,000	349,000
Receiv. under capital sublease agrmts., curr.	271,000	285,000
Current Assets	\$ 26,168,000	\$ 22,284,000
Investments & other assets	1,970,000	1,920,000
Fixed assets	17,043,000	14,491,000
Receiv. under capital sublease agrmts.	2,904,000	3,019,000
Leased property	3,013,000	3,667,000
Total Assets	\$ 51,098,000	\$ 45,381,000

Seaman Furniture Company, Inc.

Liabilities		
Long-term debt, curr.	\$ 852,000	\$ 823,000
Accts. payable	15,808,000	13,120,000
Accruals	3,965,000	3,668,000
Reserve for income taxes	1,301,000	297,000
Oblig. under capital lease, curr.	890,000	965,000
Curr. Liabilities	\$ 22,816,000	\$ 18,873,000
Long-term debt	7,135,000	6,967,000
Oblig. under capital lease	6,132,000	6,876,000
Deferred inc. taxes	1,846,000	1,670,000
+ Preferred stock	300,000	300,000
+ + Common stock	352,000	352,000
Add. paid-in capital	1,946,000	1,946,000
Retained earnings	10,571,000	8,397,000
Total Liabilities & Shareholders' Equity	\$ 51,098,000	\$ 45,381,000

* At cost which is not in excess of market.
 † Less accumulated depreciation and unamortized investment credit.
 + \$100 par value.
 + + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	1.19	0.76
%Net Income to Sales	0.59	0.39
%Net Income to Equity	18.18	13.89
Sales to Inventories	20.03	24.39
Debt to Equity	0.54	0.63
Working Capital	\$ 3,352,000	\$ 3,411,000
Current Ratio	1.15	1.18
Shareholders' Equity	\$13,169,000	\$10,995,000

Scotty's, Inc.

5300 North Recker Highway
 Winter Haven, Florida 33882
 (813) 299-1111

Mailing address:

P.O. Box 939
 Winter Haven, Florida 33882

Officers: James W. Sweet, chairman of the board and chief executive officer; Ray H. Cooney, vice chairman; Dennis W. Stults, president & chief operating officer; Harold W. Taylor, sr. v.p., secretary & chief financial officer; Hugh Tuttle, v.p. & sr. regional mgr.; Dan Maffett, v.p. & general sales mgr.; James E. Howe, v.p.-employee relations; Richard W. Martineau, exec. v.p., treasurer & controller; Owen Fender, v.p. & credit manager; James Church, v.p.-mgmt. info. services; Orbin Saxson, v.p.-warehousing; Kevin Fitzgerald, v.p.-purchasing & distribution; Robert Cawein, v.p.-transportation; David J. Bryant, v.p.-sales promotion manager; William J. Sauder, v.p.-manufacturing; Thomas B. Cook, v.p. & regional mgr.; Richard D. Clark, v.p.-real estate.

Directors: James W. Sweet, chairman; Ray H. Cooney, Dennis W. Stults, Harold W. Taylor, Rolland A. Maxwell, John B. Ellis, Francois Vaxelaire, Sherwin P. Simmons, John M. Miller, P. Scott Linder, Jacques A.M. Dophie.

Business Activities: Operates a chain of building supply stores in the state of Florida. Stores operate under the name "Scotty's", "Scotty's Hardware," and "Scotty's Factory Outlet Warehouse."

Subsidiaries:

Plaid Realty, Inc.
 P.O. Box 939
 Winter Haven, Florida 33880

Transfer Agent(s):

Morgan Guaranty Trust Company
 30 West Broadway
 New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: SHB

Number of Stores: (at fiscal year end)

1986	130	1983	102
1985	116	1982	99
1984	110		

Sales and Earnings			
	Net Sales	Net Income	
1986	\$ 493,895,000	\$ 13,524,000	
1985	453,444,000	17,507,000	
1984	424,537,000	18,059,000	
1983	358,982,000	11,316,000	
1982*	308,013,000	11,095,000	
	No. of Com. Shares †	Earnings per Share ‡	
1986	14,470,000	\$ 0.93	
1985	14,337,000	1.29	
1984	13,243,000	1.39	
1983	11,902,000	0.98	
1982*	9,767,500	1.06	

* 53 weeks.
 † Adjusted to reflect stock splits.
 ‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.52	—	—
1985	0.52	—	—
1984	0.44	—	—
1983	0.40	—	3-for-2
1982	0.37	—	5-for-4

+ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 168,547,000	\$ 11.65
1985	160,909,000	11.22
1984	139,930,000	10.57
1983	112,264,000	9.43
1982	73,638,000	7.52

‡ Adjusted to reflect stock splits.

Income Account			
Year ended	6/28/86	6/29/85	
Net sales	\$ 493,895,000	\$ 453,444,000	
Cost of sales	337,655,000	312,237,000	
Expenses	119,596,000	103,646,000	
Depreciation	11,601,000	8,415,000	
Interest expense	4,257,000	1,540,000	
Non-operating income	(2,600,000)	(1,934,000)	
Income before taxes	\$ 23,386,000	\$ 29,540,000	
Income taxes	9,862,000	12,033,000	
Net Income	\$ 13,524,000	\$ 17,507,000	
Assets			
As of	6/28/86	6/29/85	
Cash & cash equiv.	\$ 3,556,000	\$ 2,956,000	
Marketable securities	8,183,000	9,495,000	
Accts. receiv., net	20,820,000	17,594,000	
*Inventories	104,347,000	88,623,000	
Other assets	1,727,000	740,000	
Current Assets	\$ 138,633,000	\$ 119,408,000	
*Fixed assets	149,189,000	113,523,000	
Other assets	1,083,000	4,751,000	
Total Assets	\$ 288,905,000	\$ 237,682,000	
Liabilities			
Short-term borrowings	\$ 7,187,000	\$ 13,425,000	
Long-term debt, curr.	3,840,000	2,904,000	

Accts. payable & accruals	46,571,000	40,580,000
Income taxes	512,000	642,000
Curr. Liabilities	\$ 58,110,000	\$ 57,551,000
Long-term debt	56,520,000	15,247,000
Deferred income taxes	5,728,000	3,975,000
+ Common stock	14,470,000	14,337,000
Add. paid-in capital	65,197,000	63,704,000
Retained earnings	88,880,000	82,868,000
Total Liabilities & Shareholders' Equity	\$ 288,905,000	\$ 237,682,000

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation.
 + \$1 par value.

Statistical Summary		
%Income bef. Taxes to Sales	4.74	6.51
%Net Income to Sales	2.74	3.86
%Net Income to Equity	8.02	10.88
Sales to Inventories	4.73	5.12
Debt to Equity	0.40	0.20
Working Capital	\$ 80,523,000	\$ 61,117,000
Current Ratio	2.39	2.06
Shareholders' Equity	\$168,547,000	\$160,909,000

Seaman Furniture Company, Inc.

393 Old Country Road
 Carle Place, New York 11514
 (516) 333-8365

Officers: Morton Seaman, president & chief exec. officer; Carl Seaman, exc. v.p. & treasurer; Steven Halper, sr. v.p.-operations & secretary; Lewis Stein, v.p.-finance & chief financial officer; Ralph Bank, v.p.-store development & real estate; Jack Curtis, v.p.-sales; Richard Scoby, v.p.-advertising; Leonard Cacioppo, v.p.-sales training; Rubin Abrams, v.p.-hard lines; Alan Rosenberg, v.p.-soft lines; Jeffrey Seaman, v.p.-merchandising; Jordan Seaman, v.p.-marketing; Anthony DiComo, v.p.-operations; Kenneth Lefler, v.p. & corp. controller; Joseph Prendamano, v.p.-credit; Lewis Rothstein, v.p.-mgmt. info. systems; Mario Tomiatti, v.p.-sales; Joseph Menton, dir.-warehousing & distribution; Howard Levitt, divisional controller.

Directors: Harry Berger, George DeGenaro, Carl Seaman, Jeffrey Seaman, Jordan Seaman, Morton Seaman, Irwin W. Silverberg.

Business Activities: Operates 24 furniture stores and three clearance centers, all but one in the New York-New Jersey metropolitan area. These outlets sell a variety of furniture in contemporary, traditional and colonial styles to the price-conscious, middle-income consumer.

Transfer Agent(s):

Harris Trust Company of New York
 110 William Street
 New York, New York 10038

Stock Exchange(s):

Over-the-Counter

Ticker Symbol: SEAM (NASDAQ)

Number of Stores: (at fiscal year end)

1986	27		
Sales and Earnings			
	Net Sales	Net Income +	
1986	\$ 168,696,000	\$ 11,261,000	
1985	136,110,000	8,826,000	
1984	101,648,000	5,857,000	
1983	72,131,000	3,948,000	
1982	57,308,000	2,129,000	
	No. of Com. Shares	Earnings per Share + ‡	
1986	6,600,000	\$ 1.72	
1985	6,314,000	1.40	

Seaman Furniture Company, Inc.

1984	6,314,000	0.93
1983	5,303,760	0.63
1982	N.A.	0.34

+ Pro forma.

N.A. - Not Available.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 20,968,000	\$ 3.18
1985	9,917,000	1.57
1984	12,551,000	1.99
1983	10,516,000	1.98
1982	5,390,000	—

Income Account *

Year ended Apr. 30	1986	1985
Net sales	\$ 168,695,577	\$ 136,110,173
Other income	5,121,008	3,620,295
Total income	\$ 173,816,585	\$ 139,730,468
Cost of sales	106,670,278	87,244,657
Expenses	41,784,924	34,239,212
Income before taxes	\$ 23,461,383	\$ 18,246,599
Income taxes	10,698,000	1,168,000
Income from cont. oper.	\$ 12,763,383	\$ 17,078,599
Loss from discnt. oper.	—	(8,400)
Net Income	\$ 12,763,383	\$ 17,070,199

* Included in Costs and Expenses, Depreciation and Amortization: \$1,187,550 in 1986 and \$1,060,581 in 1985.

Assets

As of Apr. 30	1986	1985
Cash & temp. invest.	\$ 8,266,002	\$ 4,937,548
Marketable securities	6,940,152	3,384,543
Accts. receiv., net	10,512,680	4,234,272
*Inventories	14,420,998	11,577,663
Prepaid expenses	994,169	507,624
Current Assets	\$ 41,134,001	\$ 24,641,650
#Fixed assets	9,249,548	4,266,456
Leased prop. under cap. leases	4,557,448	4,723,418
Other assets	642,177	385,206
Total Assets	\$ 55,583,174	\$ 34,016,730

Liabilities

Accts. payable	\$ 9,163,464	\$ 6,621,225
Accruals	4,354,167	5,315,063
Cust. deposits	8,886,255	6,793,176
Income taxes	5,559,049	528,449
Deferred income taxes	742,700	60,000
Curr. Liabilities	\$ 28,705,635	\$ 19,317,913
Oblig. under cap. leases	4,597,324	4,548,723
Deferred inc. taxes	1,311,900	233,000
+Common stock	66,000	63,140
Add. paid-in capital	5,721,507	258,732
Retained earnings	15,180,808	9,595,222
Total Liabilities & Shareholders' Equity	\$ 55,583,174	\$ 34,016,730

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	13.91	—
%Net Income to Sales	7.57	—
%Net Income to Equity	60.87	—
Sales to Inventories	11.70	11.76
Debt to Equity	0.22	0.46
Working Capital	\$12,428,366	\$5,323,737
Current Ratio	1.43	1.28
Shareholders' Equity	\$20,968,315	\$9,917,094

Sears Canada Inc.

(60.5% interest owned by Sears, Roebuck and Co.)

222 Jarvis Street
Toronto, Ontario, Canada M5B 2B8
(416) 362-1711

Officers: C. Richard Sharpe, chairman of the board & chief exec. officer; G. Joseph Reddington, president & chief operating officer; Maurice F. Anderson, v.p.-info. systems; Harold J. Mandel, v.p.-real estate & facilities; Neil M. Whitmore, v.p.-distribution; J.J. Michael Egan, v.p., secretary & corp. counsel; Frank R. Hammond, v.p.-field sales operations; William R. Turner, v.p.-merchandising; Walter G. Pridham, v.p.-public affairs & corporate planning; Leslie Visosky, v.p.-personnel; Larry Ginther, v.p.-finance & treasurer; Bruce W. McLaren, corp. comptroller.

Directors: J.C. Barrow, M.F. Belanger, H. Corrigan, W.A. Dimma, M.E. Jones, A.H. Mingay, A. Powis, G. Joseph Reddington, C.R. Sharpe, J.M. Tory, W.P. Wilder, James W. Button, W.L. Bass, J.H. Batogowski, M. Bozic, J.P. Galloway.

Business Activities: Operates 77 retail department stores, and over 1,500 catalogue sales units in Canada.

Transfer Agent(s):

The Royal Trust Company
Toronto, Ontario
Montreal, Quebec
Calgary, Alberta

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: SCC

Number of Stores: (at fiscal year end)

1986	77	1983	73
1985	75	1982	72
1984	74		

Sales and Earnings x

	Net Sales (000's)	Net Income ‡ (000's)
1986	\$ 3,891,817	\$ 79,078
1985	3,789,214	86,056
1984	3,652,320	36,175
1983†	3,502,066	33,572
1982†	3,126,186	25,828
	No. of Com. Shares	Earn. per Share ‡
1986	87,458,213	\$ 0.90
1985	87,327,913	0.99
1984	87,306,983	0.41
1983†	87,306,983	0.38
1982†	87,306,983	0.30

x Restated to reflect change in accounting method.

† Unaudited.

‡ Including extraordinary gain of \$350,000 in 1986 and \$11,745,000 (\$0.14 per share) in 1985.

Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.24	—	—
1985	0.20	—	—
1984	0.20	—	—
1983	0.20	—	—
1982	0.20	—	—

Common Stock Equity ‡

	Total Equity	Equity Per Share
1986	\$ 756,213,000	\$ 8.65
1985	697,074,000	7.98
1984	628,318,000	7.20
1983	609,604,000	6.98
1982	593,493,000	6.80

‡ Restated.

Income Account (000's)

Year ended Dec. 31	1986	1985 ‡
Net sales	\$ 3,891,817	\$ 3,789,214
Cost of sales & exp.	3,532,221	3,465,941
Depreciation	39,979	36,514
Interest expense	139,858	132,933
Misc. taxes	41,146	39,008
Income before taxes	\$ 138,613	\$ 114,818
Income taxes	68,950	51,391
Eq. in earn. of assoc. cos.	(9,065)	(10,884)
Net Income	\$ 78,728	\$ 74,311
Extraord. gain	350	11,745
Net Income & extraord. gain	\$ 79,078	\$ 86,056

‡ Restated.

Assets (000's)

As of Dec. 31	1986	1985 ‡
Cash	\$ 6,972	\$ 6,057
Accts. receiv., net	1,183,679	1,122,493
*Inventories	700,707	666,928
Prepaid expenses	95,566	80,416
Current Assets	\$ 1,986,924	\$ 1,875,894
Investments & other assets	75,491	70,737
#Fixed assets	411,532	376,636
Unamort. exp.	72,366	8,845
Total Assets	\$ 2,546,316	\$ 2,332,112

Liabilities (000's)

Notes payable	\$ 335,885	\$ 274,534
Long-term debt, curr.	148,513	46,548
Accts. payable	213,516	195,261
Accruals	157,955	147,755
Income & other taxes	73,174	94,574
Curr. Liabilities	\$ 929,043	\$ 758,672
Long-term debt	810,431	848,599
Deferred inc. taxes	50,629	27,767
+ Capital stock	272,430	271,388
Retained earnings	483,783	425,686
Total Liabilities & Shareholders' Equity	\$ 2,546,316	\$ 2,332,112

‡ Restated.

* At lower of approximate cost or net realizable value.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Income bef. Taxes to Sales	3.56	3.03
%Net Income to Sales	2.02	1.96
%Net Income to Equity	10.41	10.66
Sales to Inventories	5.55	5.68
Debt to Equity	1.71	1.68
Working Capital	\$1,057,881,000	\$1,057,881,000
Current Ratio	2.14	2.14
Shareholders' Equity	\$ 756,213,000	\$ 697,074,000

Sears, Roebuck and Co.

Sears Tower
Chicago, Illinois 60684
(312) 875-2500

Officers: Edward A. Brennan, chairman of the board & chief exec. officer; Richard M. Jones, president & chief financial officer; Henry D. Sunderland, sr. v.p. & secretary; Randolph H. Aires, v.p.-governmental affairs; Robert F. Gurnee, v.p. & treasurer; Charles J. Ruder, v.p.-corporate public affairs;

David Slute, v.p. & corporate general counsel; Allan B. Stewart, sr. v.p.-corporate administration & planning; David P. Norum, v.p.-taxes; John S. Vivian, v.p. & corporate controller; Warren F. Cooper, v.p.-corporate personnel; James M. Denny, v.p.-finance.

Directors: Edward R. Telling*, Edward A. Brennan*, E. Mandell de Windt, Richard M. Jones*, Sybil Collier Mobley, Norma Pace, Nancy C. Reynolds, Clarence B. Rogers, Jr., Donald H. Rumsfeld*, Edgar B. Stern, Jr.*, Warren L. Batts*, Michael Bozic, Albert V. Casey, Richard J. Haayen, Arthur J. Hill.

* Member of the Executive Committee.

Areas of Work: The world's largest retailer of general merchandise, Sears distributes broad lines of its own brand name goods through some 2,361 selling locations (including 1,439 independent catalog merchants) located in 50 states, Puerto Rico and Central America. The Company also operates 806 general merchandise retail stores, and 241 specialty stores, including surplus stores, business systems centers and paint and hardware stores. Sears is also engaged in the property-liability and life insurance businesses through the wholly owned Allstate Enterprises, Inc. which is engaged in auto finance, savings and loan, and other businesses. Provides a full-service real estate network through its Coldwell Banker Real Estate Group. The Dean Winter Financial Services Group conducts investment and other financial service activities. Sears has a 60.5% ownership position in Sears Canada Inc., which conducts a retail store and catalog order business in Canada.

Major Divisions:

Dean Winter Financial Services Group
Coldwell Banker Real Estate Group
Allstate Insurance Group
Sears Merchandise Group

Major Subsidiary:

Sears Canada Inc. (60.5% owned)
Toronto, Ontario, Canada

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, London, Basel, Geneva, Lausanne, Zurich, Amsterdam, Tokyo, Paris, Frankfurt

Ticker Symbol: S

Number of Stores: (at fiscal year end)*

	1986	1985	1984	1983	1982
	806	799	798	851	851

*Excludes specialty stores.

Sales and Earnings

	Revenues (000's)	Net Income (000's)
1986	\$ 44,281,000	\$ 1,351,000
1985	40,715,000	1,303,000
1984	38,828,000	1,455,000
1983	35,883,000	1,342,000
1982	30,020,000	861,000
	No. of Com. Shares †	Earn. per Share †
1986	369,000,000	\$ 3.62
1985	363,000,000	3.53
1984	358,000,000	4.01
1983	353,000,000	3.80
1982	350,000,000	2.46

† Based on the average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.76	—	—
1985	1.76	—	—
1984	1.76	—	—
1983	1.52	—	—
1982	1.36	—	—

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1986	\$ 12,796,600†	\$ 33.98
1985	11,544,000†	31.71
1984	10,661,000†	29.48
1983	9,787,000	27.60
1982	8,812,000	25.08

† After allowing for preferred stock at a liquidation preference of \$100 per share.

Income Account *

Year ended Dec. 31	1986	1985
Merchandise Group:		
Merchandising	\$ 22,092,000	\$ 21,549,000
Credit	2,068,000	2,098,000
International	2,914,000	2,905,000
Total Merch. Group	\$ 27,074,000	\$ 26,552,000
Allstate Group	12,638,000	10,379,000
Coldwell Banker Real Estate Group	1,152,000	949,000
Dean Winter Fin. Serv. Group	3,415,000	2,857,000
Corporate and intergroup trans.	2,000	(22,000)
Total revenues	\$ 44,281,000	\$ 40,715,000
Costs & expenses	40,247,000	36,844,000
Interest expense	2,650,000	2,627,000
Realized cap. gains	(441,000)	(410,000)
Income before taxes	\$ 1,825,000	\$ 1,654,000
Income taxes	460,000	324,000
Minority interest	14,000	27,000
Net Income	\$ 1,351,000	\$ 1,303,000

* Included in Costs and Expenses, Depreciation: \$518,400,000 in 1986 and \$444,800,000 in 1985.

Assets (000's)

As of Jan 31	1986	1985
Receivables	\$ 21,041,400	\$ 18,662,800
Investments	22,558,900	19,527,600
#Fixed Assets	4,593,000	4,541,300
*Inventories	4,013,000	4,115,200
Cash & invested cash	2,984,400	2,357,200
Securities purch. under agree. to resell	5,228,700	10,655,300
Trading account securities owned	2,565,000	3,764,400
Other assets	3,010,200	2,793,100
Total Assets	\$ 65,994,600	\$ 66,416,900

Liabilities (000's)

Reserve for insur. claim	\$ 9,952,100	\$ 8,053,600
Short-term borrowings	4,306,000	3,996,000
Long-term debt	10,066,700	9,906,600
Sav. accts. & advances	6,623,200	5,278,800
Unearned revenue	4,412,900	3,560,300
Accts. pay. & other liab.	5,925,400	5,576,200
Securities sold under repurch. agree.	5,887,900	12,022,900
Deferred inc. taxes	2,451,300	2,341,600
Pay. to brokerage clients	2,845,300	2,633,500
Unpurch. securities	477,200	1,253,800
+ Preferred stock	250,000	250,000
+ + Common stock	286,100	277,400
Add. paid-in capital	1,982,600	1,489,700
Retained earnings	10,367,600	9,681,400
Treasury stock	(89,000)	(106,200)
Unreal. cap. gains on eq. sec.	364,100	336,100
Cum. trans. adjust.	(114,800)	(134,800)
Total Liabilities & Shareholders' Equity	\$ 65,994,600	\$ 66,416,900

Less accumulated depreciation.

* At lower of cost (LIFO) or market. Foreign inventories at FIFO.

+ \$1 par value.
+ + \$0.75 par value.

Statistical Summary

%Income bef. Taxes to Revenues	4.12	4.06
%Net Income to Revenues	3.05	3.20
%Net Income to Equity	10.36	11.05
Debt to Equity	1.10	1.18
Shareholders' Equity	\$13,046,600,000	\$11,793,600,000

Seaway Food Town, Inc.

1020 Ford Street
Maumee, Ohio 43537
(419) 893-9401

Officers: Wallace D. Iott, president; Waldo E. Yeager, sr. v.p.-finance & treasurer; David J. Walrod, sr. v.p.-operations; Richard B. Iott, sr. v.p.-merchandising; David A. Katz, secretary.

Directors: Wallace D. Iott, chairman; Paul Pope, Richard G. Heydt, Thomas M. O'Donnell, Robert J. Kirk, Edwin Z. Singer, David A. Katz, Waldo E. Yeager, Richard B. Iott, David J. Walrod.

Business Activities: Operates a chain of food stores located in northwest and central Ohio and southeast Michigan under the names Food Town Supermarkets and Kash 'N Karry Super Food Stores. Also operates 7 deep discount drug stores under the names W.D.'s Deep Discount and The Pharm.

Divisions and Subsidiaries:

Northern Distributing Co.
V.F., Inc.
Gruber's Food Town, Inc.
Tracy & Avery Food Town, Inc.
Fjord Properties, Inc.
Second Fjord Properties, Inc.
Third Fjord Properties, Inc.
Third Fjord Properties Community Urban Redevelopment Corporation
Fifth Fjord Properties, Inc.
Fifth Fjord Properties of Ohio, Inc.
Seaway Properties, Inc.
Buckeye Discount, Inc.
Custer Pharmacy

All at:
1020 Ford Street
Maumee, Ohio 43537
(419) 893-9401

Baldur Bakery Division
915 Kingsbury Street
Maumee, Ohio 43537

Buckeye Specialties Division
2145 Tedrow Street
Toledo, Ohio 43614

Valley Farms Foods
Maumee, Ohio

Transfer Agent(s):

First National Bank of Toledo
Toledo, Ohio

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SEWY (NASDAQ)

Number of Stores: (at fiscal year end)

	1986	1985	1984	1983	1982
	76	73	73	73	73

Sales and Earnings

	Net Sales	Net Income
1986	\$ 423,635,000	\$ 1,683,000
1985	431,144,000	3,663,000
1984*	466,020,000	1,691,000
1983	472,323,000	3,431,000
1982	455,446,000	4,049,000

Seaway Food Town, Inc.

	No. of Com. Shares	Earn. per Share *
1986	1,742,289	\$ 0.97
1985	1,841,065	1.99
1984*	2,185,063	0.77
1983	2,177,476	1.58
1982	2,191,158	1.85

* 53 weeks.

Based on the average number of shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.68	—	—
1985	0.68	—	—
1984	0.68	—	—
1983	0.64	—	—
1982	0.60	—	—

Common Stock Equity		
	Total Equity	Equity Per Share *
1986	\$ 32,671,000	\$ 18.75
1985	33,569,000	18.23
1984	37,465,000	17.15
1983	38,026,000	17.46
1982	35,903,000	16.39

Based on the average number of shares outstanding.

Income Account *		
Year ended	9/27/86	9/28/85
Net sales	\$ 423,635,000	\$ 431,144,000
Cost of sales	319,872,000	325,265,000
Expenses	99,741,000	97,540,000
Other income	(1,959,000)	(2,114,000)
Interest expense	3,798,000	3,930,000
Income before taxes	\$ 2,183,000	\$ 6,523,000
Income taxes	500,000	2,860,000
Net income	\$ 1,683,000	\$ 3,663,000

* Included in Costs and Expenses, Depreciation and Amortization: \$8,403,000 in 1986 and \$8,647,000 in 1985.

Assets		
As of	9/27/86	9/28/85
Cash	\$ 6,153,000	\$ 6,255,000
Marketable secur.	2,800,000	3,000,000
Accts. & notes receiv., net	2,643,000	2,045,000
*Inventories	33,613,000	32,090,000
Prepaid expenses	2,902,000	2,561,000
Current Assets	\$ 46,111,000	\$ 45,951,000
Other assets	3,080,000	3,476,000
#Fixed assets	56,311,000	61,674,000
Total Assets	\$ 107,502,000	\$ 111,101,000

Liabilities		
Long-term debt, curr.	\$ 1,707,000	\$ 1,885,000
Accts. payable	27,508,000	27,041,000
Accruals	5,861,000	6,212,000
Income taxes	291,000	1,321,000
Curr. Liabilities	\$ 35,367,000	\$ 36,459,000
Long-term debt	33,722,000	35,546,000
Deferred inc. taxes	5,742,000	5,527,000
+ Common stock	3,375,000	3,497,000
Add. paid-in capital	1,444,000	1,285,000
Retained earnings	27,852,000	28,787,000
Total Liabilities & Shareholders' Equity	\$ 107,502,000	\$ 111,101,000

* Meat and produce inventories at lower of cost (FIFO) or market; other inventories at lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	0.52	1.51
%Net Income to Sales	0.40	0.85

%Net Income to Equity	5.15	10.91
Sales to Inventories	12.60	13.44
Debt to Equity	1.03	1.12
Working Capital	\$12,744,000	\$ 9,492,000
Current Ratio	1.36	1.26
Shareholders' Equity	\$32,671,000	\$33,569,000

Sequa Corporation

(Formerly Sun Chemical Corporation)

200 Park Avenue
New York, New York 10166
(212) 986-5500

Officers: Norman E. Alexander, chairman of the board & chief executive officer; Robert E. Davis, president & chief operating officer; Stuart Z. Krinsky, sr. exec. v.p. & general counsel; Gerald S. Guterman, exec. v.p.-finance & administration; Dennis M. Libutti, v.p.-Graphic Equipment Group; Bernard M. Jaffe, sr. v.p. & secretary; Monroe Adlman, v.p.-taxes; Joseph D. Ailwarden, v.p.-Avionics, Kollsman Instrument Div.; Ronald H. Wright, v.p.-Kollsman Instrument Div.; Richard P. Schneider, dir. of strategic planning; David J. O'Brien, v.p. & treasurer; Linda G. Kyriakou, dir. of corp. communications; William E. Morris, v.p.-Chemicals Div.; Donald S. Bunin, v.p.-engineering & environment; William P. Ksiaczek, v.p. & controller; Geoffrey L. Phillips, v.p.-Chromalloy Group; Stanley W. Resen, v.p.-industrial relations & personnel.

Directors: Norman E. Alexander*, chairman of the board; A. Leon Ferguson*, Raymond Frankel, David S. Gottesman, Stuart Z. Krinsky*, Donald D. Kummerfeld, Richard S. LeFrak, Fred R. Sullivan, Robert E. Davis*, Gerald Tsai, Jr.

* Member of the Executive Committee.

Retail Business Activities:

Operates 91 specialty apparel stores in the West and Southwest under the names K-G Men's Store and K-G Bootery.

Retail Division:

K-G Retail Division
888 West 11th Ave.
Englewood, Colorado 80110
(303) 762-8930

Acquisition:

Chromalloy American Corporation
120 S. Central Avenue
St. Louis, Missouri 63105
(314) 726-9200

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 W. 33rd Street
New York, New York 10001

Stock Exchange(s): New York

Ticker Symbol: SNL A and SNL B

Number of Stores: (at fiscal year end)

1986 91

Sales and Earnings		
	Net Sales + (000's)	Net Income (000's)
1986	\$ 371,400	\$ 160,100
1985	326,600	4,100
1984	316,900	25,500
1983	290,400	9,500
1982	245,100	1,900
No. of Com. Shares		
1986	10,827,000	\$ 19.90
1985	7,807,374	0.52
1984	7,791,663	3.23
1983	7,541,606	1.24
1982	7,492,991	0.26

+ Of continuing operations only.

Based on the average number of shares outstanding.

Revenues By Line of Business. (000's)

	1986	1985
Graphic arts equip.	\$ 91,302	\$ 77,629
Instruments	174,953	161,257
Other	103,158	87,752
Total	\$ 371,413	\$ 326,638

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.48	—	—
1985	0.48	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 598,434,000*	\$ 50.80
1985	192,123,000	24.61
1984	178,501,000	22.91
1983	162,180,000	21.50
1982	165,554,000	22.09

* After allowing for preferred stock at involuntary liquidation value.

Income Account * (000's)

Year ended	1986	1985
Dec. 31		
Net sales	\$ 371,413	\$ 326,638
Cost of sales	269,719	244,328
Expenses	70,338	49,720
Oper. profit	\$ 31,356	\$ 32,590
Interest expense	19,576	18,254
Interest income	(3,996)	(583)
Eq. in earn. of Chromalloy Amer.	(16,664)	(2,735)
Eq. in loss of affil. cos.	3,330	11,946
Loss on dispos. of assets	—	1,700
Other expense (income)	380	(582)
Inc. bef. taxes	\$ 28,730	\$ 4,610
Income taxes	2,673	3,294
Inc. - cont. oper.	\$ 26,057	\$ 1,316
Inc. - discont. oper.	134,076	2,755
Net Income	\$ 160,133	\$ 4,069

* Included in Costs and Expenses, Depreciation: \$9,813,000 in 1986 and \$10,194,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash	\$ 83,161	\$ 14,638
Short-term invest.	405,655	2,735
Accts. & notes receiv., net	165,478	137,657
*Inventories	194,647	135,138
Other curr. assets	20,762	6,302
Current Assets	\$ 869,703	\$ 296,470
Investments	72,018	113,747
#Fixed assets	304,250	202,984
Defer. charges	11,199	7,456
Intangibles	137,834	4,388
Total Assets	\$ 1,395,004	\$ 625,045

Liabilities (000's)

Bank loans	\$ 28,331	\$ 5,421
Long-term debt, curr.	31,423	4,216
Accts. payable	116,468	85,684

Accrued expenses	149,752	30,272
Accrued inc. taxes	86,632	47,162
Curr. Liabilities	\$ 412,606	\$ 192,755
Long-term debt	273,395	200,745
Minority interest	60,881	14,208
Deferred inc. taxes	16,170	25,214
+ Preferred stock	805	—
+ + Common stock	10,827	7,822
Add. paid-in capital	300,388	40,337
Cum. trans. adjust.	(2,048)	(21,884)
Retained earnings	322,583	166,192
Treasury stock	(603)	(344)

Total Liabilities & Shareholders' Equity	\$ 1,395,004	\$ 625,045
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* At lower of cost or market. Domestic inventories (excluding instrument and graphic equip. segments) at LIFO; remainder at FIFO.

Less accumulated depreciation.

+ \$1 par value; \$5 cumulative convertible.

+ + No par value in 1986; \$1 par value in 1985.

Statistical Summary		
%Net Income to Equity	25.34	2.12
Sales to Inventories	1.91	2.42
Debt to Equity	0.53	1.10
Working Capital	\$457,097,000	\$104,714,000
Current Ratio	2.11	1.44
Shareholders' Equity	\$631,952,000	\$192,123,000

Service Merchandise Company, Inc.

2968 Foster Creighton Drive
P.O. Box 24600
Nashville, Tennessee 37202
(615) 251-6666

Officers: Raymond Zimmerman, chairman of the board, president & chief exec. officer; Howard W. Levy, executive v.p.; Richard L. Schenk, v.p., secretary & treasurer; Glenn A. Bodzy, v.p. & gen. counsel; S.P. Braud, v.p.-finance & chief financial officer; R. Donald Robinson, v.p.-property development.

Directors: Raymond Zimmerman, chairman; R. Maynard Holt, Charles V. Moore, Richard P. Crane, Jr., Howard W. Levy, James E. Poole.

Business Activities: Catalog merchandising company operating merchandise showrooms in 36 states. Engaged in the sale of a broad line of jewelry, diamonds and nationally advertised brand-name hardgoods merchandise such as housewares, small appliances, giftware, silverware, cameras, luggage, radios, televisions, and other home electronic equipment and accessories, toys, sporting goods, and home and garden equipment.

Subsidiaries:

Computer Shoppes, Inc.
Specialty computer business operating 11 retail outlets in four southern states on the basis of consultative selling.

Zimm's
Jewelry and giftware sold through two stores in Nashville, Tennessee.

Transfer Agent(s):

Third National Bank
Nashville, Tennessee 37219

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SMCH (NASDAQ)

Number of Stores: (at fiscal year end)

1986	313	1983	139
1985	328	1982	116
1984	195		

Sales and Earnings		
	Net Sales \$	Net Income
1/3/87*	\$2,527,300,000	\$ (46,898,000)
12/28/85	2,244,806,000	10,733,000

12/29/84	1,603,141,000	44,576,000
12/31/83	1,442,691,000	44,869,000
1/1/83	1,195,283,000	31,569,000

	No. of Com. Shares †	Earn. per Share +
1/3/87*	33,315,000	\$ —
12/28/85	33,315,000	0.32
12/29/84	32,039,000	1.46
12/31/83	30,126,000	1.49
1/1/83	29,000,000	1.20

53 Weeks

(Loss)

\$ Of continuing operations only.

† Adjusted to reflect stock split.

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend†	Stock Dividend	Stock Split
1/3/87	\$0.08	—	—
12/28/85	0.08	—	—
12/29/84	0.08	—	—
12/31/83	0.0775	—	2-for-1
1/1/83	0.07	—	—

† Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity	Equity Per Share +
1/3/87	\$ 278,566,000	\$ 8.36
12/28/85	328,150,000	9.85
12/29/84	308,595,000	9.63
12/31/83	251,971,000	8.36
1/1/83	205,332,000	7.08

+ Adjusted to reflect stock split.

Income Account (000's)		
Year ended	1/3/87 (53 weeks)	12/28/85
Net sales	\$ 2,527,300	\$ 2,244,806
Cost of sales	1,981,336	1,756,970
Expenses	458,893	368,052
Depreciation & amortization	53,144	40,486
Other income	(4,512)	(5,208)
Interest expense	67,572	47,211
Income (loss) bef. taxes	\$ (29,133)	\$ 37,295
Income taxes	(12,035)	13,026
Inc. (loss) - cont. oper.	\$ (17,098)	\$ 24,269
Loss - discount oper.	(29,800)	(13,536)
Net Income (Loss)	\$ (46,898)	\$ 10,733

Assets (000's)		
As of	1/3/87	12/28/85
Cash	\$ 146,011	\$ 48,171
Acct. receiv., net	33,663	24,007
Refund. inc. taxes	57,218	7,852
*Inventories	640,336	715,423
Prepaid expenses	20,167	24,586
Current Assets	\$ 897,395	\$ 820,039
#Fixed assets	610,983	637,397
Other assets & defer. charges	16,674	8,984
Total Assets	\$ 1,525,052	\$ 1,466,420

Liabilities (000's)		
Notes payable	\$ —	\$ 93,000
Long-term debt, curr.	25,684	79,430
Cap. leases, curr.	7,687	7,013
Acct. payable	309,969	335,221
Accruals	106,361	118,177
Curr. Liabilities	\$ 449,701	\$ 632,841

Long-term debt	660,591	385,154
Cap. lease oblig.	109,413	107,264
Deferred income taxes	26,781	13,011
+ Common stock	16,884	16,884
Add. paid-in capital	79,529	79,550
Retained earnings	188,547	238,110
Treasury stock	(6,394)	(6,394)

Total Liabilities & Shareholders' Equity	\$ 1,525,052	\$ 1,466,420
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* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.50 par value.

Statistical Summary		
%Net Income to Equity	—	3.27
Sales to Inventories	3.95	3.14
Debt to Equity	2.88	2.05
Working Capital	\$447,694,000	\$187,198,000
Current Ratio	2.00	1.30
Shareholders' Equity	\$278,566,000	\$328,250,000

Shaw's Supermarkets, Inc.

140 Laurel Street
East Bridgewater, Massachusetts 02333
(617) 378-7211

Officers: Stanton W. Davis, chairman of the board; David B. Jenkins, president & chief executive officer; Robert L. Eklund, sr. v.p.-finance; John Kelleher, sr. v.p.-real estate & development; John R. Maxwell, sr. v.p.-operations; H. Verne Powell, sr. v.p.-marketing; Alden H. Sawyer, Jr., v.p. & gen. mgr.-Northern Division; Scott W. Ramsay, v.p. & gen. mgr.-Central Division; Richard L. Woodman, v.p. & gen. mgr.-Southern Division; Charles L. Wyatt, v.p.-distribution; Clifford H. Gardner, v.p.-management information services; James G. Scott, v.p.-human resources; Howard G. David, v.p. & merchandising mgr.-Northern Division; Barrie W. Young, controller & asst. treasurer.

Directors: Stanton W. Davis, chairman of the board; Howard G. Davis, Alexander T. Daignault, Stephen M. Dubrul, Jr., Robert L. Eklund, Burton C. Halliwell, David B. Jenkins, Anne D. Peterson, David J. Sainsbury, Hugh C. Saunders, Joan D. Wheeler.

Business Activities: Operates a chain of supermarkets under the names Shaw's and Super Shaw's in New England.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SHAW (NASDAQ)

Sales and Earnings		
	Net Sales	Net Income
1986	\$1,093,106,000	\$ 16,198,000
1985	909,417,000	14,846,000
1984	812,041,000	10,694,000
1983	710,524,000	10,541,000
1982	640,310,000	9,017,000
	No. of Com. Shares †	Earn. per Share ‡
1986	12,148,000	\$ 1.33
1985	12,092,000	1.23
1984	12,088,000	0.88
1983	12,089,000	0.87
1982	12,089,000	0.75

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.11	—	—
1985	0.08	—	6-for-1
1984	0.07	—	—

Shaw's Supermarkets, Inc.

1983	0.07	—	—
1982	0.05	—	—

† Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity	Equity Per Share †
1986	\$ 88,312,000	\$ —
1985	73,156,000	—
1984	59,260,000	—
1983	49,382,000	—
1982	39,647,000	—

† Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *		
Year ended	1/3/87	12/28/85
Net sales	\$1,093,106,330	\$ 909,417,480
Cost of sales	876,881,711	736,514,643
Expenses	181,669,756	143,598,693
Gain on sale of rl. est.	(1,194,597)	(1,522,259)
Interest expense	4,946,552	4,144,707
Interest income	(310,300)	(556,254)
Income before taxes	\$ 31,113,208	\$ 27,237,950
Income taxes	14,915,000	12,392,000
Net Income	\$ 16,198,208	\$ 14,845,950

* Included in Costs and Expenses, Depreciation and Amortization: \$14,368,524 in 1986 and \$12,802,829 in 1985.

Assets		
As of	1/3/87	12/28/85
Cash	\$ 1,701,700	\$ 1,519,427
Accts. receiv., net	5,014,952	3,020,975
Refundable taxes	—	2,254,220
*Inventories	55,299,237	48,538,872
Prepaid expenses	1,570,054	1,055,781
Prepaid taxes	—	436,321
Current Assets	\$ 63,585,943	\$ 56,825,596
Note receivable	900,000	900,000
#Fixed assets	141,216,477	112,903,299
Other assets	4,241,513	4,694,169
Total Assets	\$ 209,943,933	\$ 175,323,064
Liabilities		
Long-term debt & cap. lease oblig., curr.	\$ 2,803,451	\$ 2,823,648
Accts. payable	37,769,939	36,787,522
Accruals	10,764,541	9,522,578
Accrued workers' compensation	4,527,544	3,752,596
Contrib. to retire. plans	3,947,000	3,645,000
Income taxes	563,554	—
Curr. Liabilities	\$ 60,376,029	\$ 56,531,344
Long-term debt & cap. lease oblig.	49,849,035	39,082,247
Deferred inc. taxes	5,079,134	2,250,315
Other liabilities	6,327,801	4,302,736
+Common stock	12,974,460	12,974,460
Add. paid-in capital	4,103,210	3,776,922
Retained earnings	72,029,782	57,163,957
Treasury stock	(795,518)	(758,917)
Total Liabilities & Shareholders' Equity	\$ 209,943,933	\$ 175,323,064

* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 per value.

Statistical Summary		
%Income bef. Taxes to Sales	2.85	3.00
%Net Income to Sales	1.48	1.63
%Net Income to Equity	18.34	20.29
Sales to Inventories	19.77	18.74
Debt to Equity	0.60	0.57
Working Capital	\$ 3,209,914	\$ 294,252
Current Ratio	1.05	1.01
Shareholders' Equity	\$88,311,934	\$73,156,422

The Sherwin-Williams Company

101 Prospect Avenue, N.W.
Cleveland, Ohio 44115
(216) 566-2000

Officers: J. G. Breen, chairman of the board & chief executive officer; T. A. Combes, president & chief operating officer; F. T. Krotine, sr. v.p.-corporate research & development; Thomas R. Micklich, sr. v.p.-finance & chief financial officer; Larry J. Pitorak, v.p., secretary-treasurer & general counsel; David I. Fuente, president-Paint Stores Group; John L. Ault, v.p. & controller; A. D. Maine, v.p.-human resources; R. A. Tachannen, v.p.-facilities & administrative services; Francis C. Piccirillo, director of taxes & asst. secretary; Conway A. Ivy, v.p.-corp. planning & development.

Directors: J. G. Breen, chairman; J. A. Attwood, K. S. Benson, D. W. Calloway, T. A. Combes, R. C. Doban, A. C. Holmes, J. R. Killpack, W. G. Mitchell, R. E. Schey, Leigh Carter.

Business Activities: Manufacturer and marketer of consumer and industrial coatings, and associated supplies. The Company also operates a nationwide chain of 1,719 Sherwin-Williams paint and wallpaper stores.

Divisions and Subsidiaries:

Paint Stores Division
Consumer Division
Automotive Aftermarket Division
Chemical Coatings Division
Sprayon Division
International Group

Sherwin-Williams do Brasil Industria e Comercio Ltda.
Sao Paulo, Brazil

Sherwin-Williams Canada, Inc.
Gravenhurst, Canada

Sherwin-Williams (Caribbean) N.V.
Curacao

Sherwin-Williams (West Indies) Limited
Kingston, Jamaica

Sherwin-Williams Foreign Sales Corporation Ltd.
Charlotte Amalie, Virgin Islands

Sherwin-Williams Automotive Finishes, Inc.
Mississauga, Canada

Compania Sherwin-Williams S.A. de C.V.
Mexico City, D.F., Mexico

Sherwin-Williams Cayman Islands Ltd.
Grand Cayman

The Sherwin-Williams Co. Resources Ltd.
Kingston, Jamaica

Sherwin-Williams (Barbados) Ltd.
Bridgetown, Barbados

Sherwin-Williams Development Corp.
GDF, Inc.
Gray Drug Fair, Inc.

Contract Transportation Systems Co.
CTS Brokerage, Inc.
Dupli-Color Products Company
Price King, Inc.

Joint Ventures:

FSW Coatings, Limited
FSW Paints Ltd.
Dublin, Ireland

F.S.W. Ltd.
Bradford, United Kingdom

Nippon Sherwin-Williams Chemicals Co., Ltd.
Osaka, Japan

Sherwin-Williams de Panama, S.A.
Panama City, Panama

Sherwin-Williams del Ecuador Fabrica Nacional de Pinturas, S.A.
Guayaquil, Ecuador

BAPCO
Toronto, Canada

Sherwin-Williams Saudi Arabia Ltd.
Jeddah, Saudi Arabia

Transfer Agent(s):

Ameritrust Company N.A.
Cleveland, Ohio

Stock Exchange(s): New York

Ticker Symbol: SHW

Number of Stores: (at fiscal year end)

1986	1,719	1983	1,819
1985	2,070	1982	1,748
1984	1,958		

Sales and Earnings:

	Net Sales † (000's)	Net Income (000's)
1986	\$ 1,552,931	\$ 105,952
1985	1,522,348	74,638
1984	1,451,877	65,006
1983	1,395,559	55,412
1982	1,311,128	42,931

	No. of Com. Shares ‡	Earn. per Share +
1986	45,784,780	\$ 2.31
1985	46,221,896	1.61
1984	45,849,648	1.42
1983	47,639,238	1.16
1982	41,806,652	1.01

† Of continuing operations only.

‡ Based on the average number shares of common stock outstanding adjusted to reflect stock splits.

+ Based on the average number of shares outstanding after adjusting net income for dividend requirements of preferred stock adjusted to reflect stock splits.

Common Stock		
	Cash Dividend +	Stock Dividend
1986	\$0.50	—
1985	0.46	—
1984	0.38	—
1983	0.30	—
1982	0.25	—

+ Adjusted to reflect stock splits.

Common Stock Equity		
	Total Equity	Equity Per Share #
1986	\$ 491,569,000	\$ 11.15
1985	465,367,000	10.10
1984	404,140,000	8.97
1983	369,920,000†	8.12
1982	333,539,000†	7.59

† After allowing for preferred stock at aggregate involuntary liquidation.

Adjusted to reflect stock splits.

Income Account *		
	(000's)	
Year ended Dec. 31.	1986	1985
Net sales	\$ 1,552,931	\$ 1,522,348
Cost of sales	916,886	912,609
Expenses	493,721	468,707
Interest expense	12,381	13,057
Interest income	(9,779)	(11,160)
Other expense (income)	(567)	15,003
Unusual items	(33,785)	—
Income bef. taxes	\$ 174,074	\$ 124,132
Income taxes	78,113	55,470
Inc.-cont. oper.	\$ 95,961	\$ 68,662
Inc.-discont. oper.	9,991	5,976
Net Income	\$ 105,952	\$ 74,638

* Included in Costs and Expenses, Depreciation and Amortization: \$24,559,000 in 1986 and \$22,266,000 in 1985.

Assets (000's)		
As of Dec. 31	1986	1985
Cash & Short-term invest.	\$ 101,740	\$ 170,025
Accts. receiv., net	180,197	164,116
*Inventories	409,878	366,614
Other	61,677	47,309
Current Assets	\$ 753,492	\$ 748,064
#Fixed assets	234,939	230,168
Deferred pension assets	104,853	—
Other assets	52,363	77,581
Total Assets	\$ 1,145,647	\$ 1,055,813
Liabilities (000's)		
Short-term borrowing	\$ 252	\$ —
Long-term debt, curr.	9,222	9,084
Accts. payable	203,791	193,620
Accruals	139,193	95,280
Compensation & withholding	50,201	48,224
Accrued taxes	27,631	30,262
Curr. Liabilities	\$ 430,290	\$ 376,470
Long-term debt	119,716	145,437
Other long-term liability	24,701	30,872
Minority interest	508	1,630
Deferred income taxes	78,863	36,037
+ Common stock	47,131	26,372
Add. paid-in capital	118,042	153,281
Retained earnings	407,873	358,749
Foreign curr. translation adj.	12,808	(12,552)
Treasury stock	(68,669)	(60,483)
Total Liabilities & Shareholders' Equity	\$ 1,145,647	\$ 1,055,813

* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary		
%Net Income to Equity	21.55	16.04
Sales to Inventories	3.79	4.15
Debt to Equity	0.26	0.33
Working Capital	\$323,202,000	\$371,594,000
Current Ratio	1.75	1.99
Shareholders' Equity	\$491,569,000	\$465,367,000

S&K Famous Brands, Inc.

11100 West Broad Street
P.O. Box 31800
Richmond, Virginia 23294-1800
(804) 346-2500

Officers: Stuart C. Siegel, chairman & chief exec. officer; Donald W. Colbert, president & chief operating officer; Robert E. Knowles, sr. v.p., chief financial officer, treasurer & secretary; Daniel F. Randolph, sr. v.p. & gen. merchandise manager; Weldon J. Wirick, III, sr. v.p.-operations; Gregory D. Pearson, sr. v.p.-advertising & marketing; Harry S. Shindow, sr. v.p. & div. merchandise manager; James D. Moore, Jr., v.p.-operations.

Directors: Stuart C. Siegel, chairman; Robert L. Burns, Jr., Donald W. Colbert, Andrew M. Lewis, Hyman Meyers, James C. Wheat, Jr.

Business Activities: Operates 47 "S&K Famous Brand Menswear" stores in 12 states throughout the Southeast, Pennsylvania and upstate New York.

Transfer Agent(s):

Sovran Bank, N.A.
Richmond, Virginia

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SKFB (NASDAQ)

Number of Stores: (at fiscal year end)

1987	47	1985	41
1986	51		

Sales and Earnings			
	Net Sales	Net Income †	
1987	\$ 39,062,000	\$ 1,292,000	
1986	36,976,000	1,162,000	
1985	31,206,000	1,271,000	
1984	23,117,000	1,165,000	
1983	18,428,000	1,997,000	
	No. of Com. Shares	Earn. per Share ‡	
1987	2,060,152	\$ 0.63	
1986	2,060,152	0.56	
1985	2,060,152	0.62	
1984	1,945,872	0.60	
1983	2,093,200	0.95	

† Including extraordinary gain of \$1,188,000 (\$0.57 per share) in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1987	\$ 10,589,000	\$ 5.14
1986	9,297,000	4.51
1985	8,136,000	3.95
1984	6,865,000	3.53
1983	3,796,000	1.81

Income Account		
Year ended	1/31/87	1/25/86
Net sales	\$ 39,062,199	\$ 36,975,998
Cost of sales	20,675,878	20,884,638
Expenses	14,453,977	13,023,392
Depreciation & amortization	810,245	731,845
Interest expense	539,217	523,077
Other expense (income)	18,057	(100,621)
Income before taxes	\$ 2,564,825	\$ 1,913,667
Income taxes	1,273,000	752,000
Net Income	\$ 1,291,825	\$ 1,161,667

Assets		
As of	1/31/87	1/25/86
Cash	\$ 182,310	\$ 127,192
Accts. receiv., net	116,007	204,024
*Inventories	12,728,758	11,147,145
Other curr. assets	463,467	264,856
Current Assets	\$ 13,490,542	\$ 11,743,217
#Fixed assets	6,944,471	7,433,818
Other assets	538,763	549,432
Total Assets	\$ 20,973,776	\$ 19,726,367

Liabilities		
Long-term debt, curr.	\$ 230,758	\$ 238,835
Accts. payable	1,717,726	1,458,140
Accrued compensation	257,966	384,763
Other accruals	144,049	128,388
Income taxes	377,765	200,345
Other current liabilities	343,363	256,569
Curr. Liabilities	\$ 3,071,627	\$ 2,667,040
Long-term debt	6,715,818	7,353,821
Deferred inc. taxes	597,021	463,021
+ Common stock	2,060,152	2,060,152
Add. paid-in capital	1,941,405	1,941,405
Retained earnings	6,587,753	5,295,928
Total Liabilities & Shareholders' Equity	\$ 20,973,776	\$ 19,726,367

* At lower of cost (LIFO or average) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	6.57	5.18
%Net Income to Sales	3.31	3.14
%Net Income to Equity	12.20	12.49
Sales to Inventories	3.07	3.32
Debt to Equity	0.66	0.82
Working Capital	\$10,418,915	\$9,076,177
Current Ratio	0.99	4.40
Shareholders' Equity	\$10,589,310	\$9,297,485

Sobeys Stores Limited

115 King Street
Stellarton, Nova Scotia, BOK 150, Canada
(902) 752-8371

Officers: W.M. Sobey, honorary chairman of the board; David F. Sobey, chairman & chief executive officer; James S. Murchie, president & chief operating officer; Nigel F. Byars, v.p.-finance, treasurer & asst. secretary; Frank J. Hickey, v.p.-merchandising; John Sobey, exec. v.p.-retail; Darrell M. Rushton, v.p.-wholesale; James G. Fitzpatrick, v.p.-distribution; J.K. Lynn, v.p.-personnel; G.J. Vienneau, v.p.-corporate marketing; Robert P. Dexter, secretary.

Directors: Merritt G. Crawford, William G. Lumsden, J. William Ritchie, Arthur R. Lundrigan, James S. Murchie, David F. Sobey, Donald R. Sobey, Pierre Lortie, William M. Sobey, James W. Gogan, James L. Moody, Jr., John R. Sobey.

Business Activities: Engaged in food distribution and merchandising. Operates a chain of grocery stores in Prince Edward Island, Nova Scotia, Newfoundland, New Brunswick, Quebec and Ontario. These stores operate under the name of T.R.A. Foods, Lumsden Brothers, K-Mart Foods and Sobey's Village. Also engaged in real estate activities.

Subsidiaries:

Lumsden Brothers, Limited
Burlington, Ontario

Clover Produce Limited
Halifax, Nova Scotia

Eastern Sign-Print
Stellarton, Nova Scotia

Johnson & MacDonald Limited
New Glasgow, Nova Scotia

T.R.A. Foods Limited
Middleton, Nova Scotia & St. John's, Newfoundland

Transfer Agent(s):

Montreal Trust Co.
Montreal, Quebec, Canada

Stock Exchange(s): Montreal, Toronto

Ticker Symbol: SYS

Number of Stores: (at fiscal year end)

1986	N.A.	1984	96
1985	100	1983	96

N.A. - Not Available.

Sales and Earnings		
	Net Sales	Net Income ‡
1986	\$ 918,456,000	\$ 9,548,000
1985	803,554,000	8,247,000
1984	672,603,000	7,416,000
1983*	588,251,000	5,524,000
1982	485,804,000	7,148,000
	No. of Com. Shares #	Earn. per Share + ‡
1986	8,850,216	\$ 1.07
1985	8,225,685	1.03
1984	7,000,758	0.92
1983*	7,000,758	0.65
1982	7,000,758	0.85

Sobeys Stores Limited

*53 weeks.

† Class A common and Class B common shares combined adjusted to reflect stock split.

+ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

‡ Including extraordinary gain of \$249,000 (\$0.04 per share) in 1982.

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1986 Class A	\$0.11	—	3-for-1
Class B	0.11	—	3-for-1
1985 Class A	0.10	—	—
Class B	0.10	—	—
1984 Class A	0.09	—	—
Class B	0.09	—	—
1983 Class A	0.07	—	—
Class B	0.07	—	—
1982 Class A	0.06	—	—
Class B	0.06	—	—

+ Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity ‡	Equity Per Share †
1986	\$ 58,550,220	\$ 6.62
1985	46,598,560	5.67
1984	33,663,220	4.81
1983	27,825,220	3.97
1982	23,762,940	3.39

‡ After allowing for preferred stock at par value.

† Adjusted to reflect stock split.

Income Account		
Year ended	5/3/86	5/4/85
Sales	\$ 918,456,000	\$ 803,554,000
Cost of sales & expenses	890,246,000	779,781,000
Depreciation & amortization	8,956,000	8,110,000
Interest expense	8,324,000	6,384,000
Investment income	(4,215,000)	(2,820,000)
Income bef. taxes	\$ 15,145,000	\$ 12,099,000
Income taxes	5,410,000	4,420,000
Minority interest	113,000	110,000
Loss (gain) on sale of secur.	74,000	(678,000)
Net Income	\$ 9,548,000	\$ 8,274,000
Assets		
As of	5/3/86	5/4/85
Cash	\$ 7,649,000	\$ 6,069,000
Marketable securities	82,010,000	57,773,000
Receiv., net	11,922,000	9,053,000
*Inventories	56,340,000	48,405,000
Prepaid expenses	2,589,000	2,251,000
Income taxes recover.	—	309,000
Current Assets	\$ 160,510,000	\$ 123,860,000
Investments	14,213,000	14,160,000
†Fixed assets	52,949,000	40,301,000
‡Assets under cap. leases	807,000	1,056,000
Total Assets	\$ 228,479,000	\$ 179,377,000
Liabilities		
Bank loans	\$ 8,257,000	\$ 12,515,000
Bankers' acceptances	28,500,000	10,000,000
Long-term debt, curr.	2,318,000	1,256,000
Accts. payable & accruals	80,848,000	64,206,000
Income taxes payable	1,996,000	1,755,000
Cap. lease oblig. curr.	276,000	313,000
Curr. Liabilities	\$ 122,195,000	\$ 90,045,000
Cap. lease oblig.	501,000	778,000
Long-term debt	41,028,000	32,698,000
Minority interest	1,066,000	961,000
Deferred income taxes	3,998,000	3,501,000

+ Pref. stock 6¼%, 1966 series	1,141,000	1,145,000
+ Pref. stock 9%, conv., 1981 series	—	3,651,000
+ + Common stock:		
Class A	11,611,000	8,124,000
Class B	687,000	687,000
Retained earnings	46,252,000	37,787,000

Total Liabilities & Shareholders' Equity	\$ 228,479,000	\$ 179,377,000
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* At lower of cost and net realizable value.

† Less accumulated depreciation.

‡ Less accumulated amortization.

+ \$20 par value.

+ + No par value.

Statistical Summary		
%Income bef. Taxes to Sales	1.65	1.51
%Net Income to Sales	1.04	1.03
%Net Income to Equity	16.00	16.05
Sales to Inventories	16.30	16.60
Debt to Equity	0.88	0.93
Working Capital	\$38,315,000	\$33,815,000
Current Ratio	1.31	1.38
Shareholders' Equity	\$39,691,000	\$51,394,000

The Southland Corporation

2828 North Haskell Avenue
Dallas, Texas 75204
(214) 828-7011

Mailing address:

Box 719
Dallas, Texas 75221

Officers: John P. Thompson, chairman of the board; Jere W. Thompson, president & chief exec. officer; Walton Grayson III, exec. v.p.-administration & services; Clark J. Matthews II, sr. exec. v.p. & chief financial officer; S.R. Dole, exec. v.p.-7-Eleven Stores; James W. Parker, exec. v.p.-mfg. & distribution; David Karney, v.p.-mgmt. info. services; P. Eugene Pender, v.p. & controller; L. Mark Rigg, v.p.-human resources; John H. Rodgers, v.p. & general counsel; Frank J. Gangi, v.p. & treasurer; R.G. Smith, secretary; Henry T. Stanley, Jr., v.p.-corp. communications; C.O. Beshears, v.p.-dairies group; Donald L. Burnside, v.p.-western stores region; Adrian O. Evans, v.p.-central stores region; Frank L. Kitchen, v.p.-eastern stores region; Richard A. Turchi, v.p.-international; Hugh G. Robinson, v.p. & president-Cityplace Development Corp.; Kenneth J. Hughes, v.p.-special operations; Kenneth M. Slauth, Jr., v.p.-development; Dale H. Allardice, v.p.-distribution; John F. Antioico, v.p.-marketing, retail; Robert E. Bailey, v.p.-southern stores region.

Directors: William W. Atwell, J.Y. Ballard, Walton Grayson III, Marj L. Lemmon, Jere W. Thompson, John P. Thompson, J.C. Thompson, Jr., Alan C. Schoellkopf, Clark J. Matthews II, Frank L. Carney, Leo E. Linbeck, Jr., Walter M. Mischer, Jr.

Business Activities: Operator and franchisor of self-service convenience stores and a processor and distributor of dairy products. As of December 31, 1986, there were 7,672 7-Eleven convenience stores, 163 Quik Mart gasoline and mini-convenience stores and Super-7 self-service gasoline outlets, 465 Chief Auto Parts stores, and 346 High's Dairy Stores. Southland's International Division coordinates the activities of an additional 4,102 7-Eleven and other retail units in the United States and 11 other countries. Other operations include Southland Dairies, which operates 10 dairy processing plants; six food centers, which produce sandwiches and other fast foods; Pate Foods, a manufacturer of corn-based food products; El-Ge Potato Chip Co.; Southland Food Labs, a manufacturer of food ingredients and specialty chemicals; Roddy Ice; Tidel Systems, a manufacturer of high-security cash-dispensing units for retailers; and Citgo Petroleum Corporation, a 50%-owned oil and gas subsidiary.

Divisions:

Stores Group

General Office
2828 North Haskell Avenue
P.O. Box 719
Dallas, Texas 75221
(214) 828-7011

Southeastern Region
1304 Lee Road
Orlando, Florida 32810
(315) 295-3076

Central Region
2214 Algonquin Road
Rolling Meadows, Illinois 60008
(312) 577-1711

Petroleum Products
17311 Dallas Parkway
P.O. Box 7002
Addison, Texas 75001-2
(214) 931-0261

Southwestern Region
12200 Park Central
Suite 500
Dallas, Texas 75251
(214) 980-8055

Western Region
7839 University Avenue
P.O. Box 698
La Mesa, California 92041
(619) 465-2101

Western Gasoline Division
2444 Moor Park Avenue
Suite 316
San Jose, California 95128
(408) 293-9942

Dairies Group - General Office
2828 N. Haskell Avenue
P.O. Box 719
Dallas, Texas 75221
(214) 828-7426

Oak Farms Division
P.O. Box 225178
Dallas, Texas 76265
(214) 941-0302

Cabell Division
4017 Commerce Street
Dallas, Texas 75226
(214) 821-9164

Embassy Dairy Division
P.O. Box 114
Mattawoman Drive
Waldorf, Maryland 20601
(301) 843-1212

Midwest Farms Division
1681 Union Avenue
P.O. Box 41199
Memphis, Tennessee 38104
(901) 274-0136

Velda Farms Division
501 N.E. 181st Street
P.O. Box 640008
Miami, Florida 33164
(305) 651-3511

Wanzer's Division
4430 W. North Avenue
Chicago, Illinois 60639
(312) 276-7720

Bancroft Dairy Division
1010 South Park Street
Madison, Wisconsin 53715
(608) 257-1006

Merritt Foods Division
2722 Guinotte Road
Kansas City, Missouri 64120
(816) 483-4233

Chemical Division
1st Continental Bank Bldg.

Suite 400
5801 Marvin D. Love Freeway
Dallas, Texas 75237
(214) 331-8391

Reddy Ice Division
2745 North Central Expressway
Dallas, Texas 75204
(214) 526-6740

Fast Foods Division
3636 McKinney Avenue
Dallas, Texas 75204
(214) 559-3630

Southland International
2828 N. Haskell Avenue
P.O. Box 719
Dallas, Texas 75221
(214) 828-7815

Tidel Systems
2615 E. Belt Line Road
Carrollton, Texas 76006
(214) 245-8591

Chief Auto Parts
12200 Park Central Drive
Dallas, Texas 75251
(214) 239-2256

Eastern Region
955 Louis Drive
Warminster, Pennsylvania 18974
(212) 443-8700

Specialty Products Division
2818 Merrell Road
P.O. Box 29306
Dallas, Texas 75229
(214) 350-9966

Subsidiaries:

American Service Realty
Citgo Petroleum Corporation (50% owned)
Citgo Caribbean Corporation
Citgo International Supply Company
Citgo International Trading Company
Citgo Pipeline Investment Company
Citgo Pipeline Company
Citijet Corporation
Cityplace Development Corporation
El-Ge Potato Chip Co., Inc.
Knowlton's Dairy Corporation
Southland Fuels, Inc.
Foremost Petroleum Company of Texas, Inc.
Petro-Chemical Transport, Inc.
Petro-Chemical Transportation, Inc.
M & A Petroleum Company of Texas, Inc.
Southland International, Inc.
Southland Sales Corporation
7-Eleven Sales Corporation
Svenska 7-Eleven AB

All at:

P.O. Box 719
Dallas, Texas 75221
(214) 828-7011

Affiliates:

Desarrollo de Distribucion Alimenticia, S.A.
(49% owned)
Mexico

Quimiproducos, S.A. (49% owned)
Mexico

Acquisition:

Capitol Milk Producers Cooperative, Inc.
Operates 346 High's Dairy Stores, located primarily in Virginia and Maryland, and two dairy facilities that process milk and manufacture ice cream, frozen novelties and a variety of cultured products and juices.

Transfer Agent(s):

MBank Dallas, N.A.
P.O. Box 225415
Dallas, Texas 75265

Stock Exchange(s): New York, Pacific, Boston, Philadelphia

Ticker Symbol: SLC

Number of Stores*: (at fiscal year end)

1986	7,672	1983	7,299
1985	7,519	1982	7,165
1984	7,473		

* 7-Eleven stores only.

Sales and Earnings x

	Revenues † (000's)	Net Income (000's)
1986	\$ 8,619,700	\$ 200,445
1985	8,622,400	212,535
1984	8,040,700	160,252
1983	7,193,900	131,768
1982	6,239,600	108,051

	No. of Com. Shares #	Earn. per Share #
1986	48,094,200	\$ 3.96
1985	47,399,700	4.41
1984	46,972,037	3.41
1983	40,393,082	3.26
1982	35,772,689	3.02

x Restated to reflect the sale of half of Citgo's equity. The Company changed the method of accounting for its investment in Citgo from full consolidation to the equity method of accounting.

† Includes franchised stores and other income.

Based on the average number of common shares outstanding adjusted to reflect stock split.

Revenues By Line of Business

	1986 (000's)	1985 (000's)
Store group	\$ 8,038,591	\$ 8,097,375
Food processing	870,755	804,956
Corporate	6,805	6,666
Intersegment	(296,470)	(286,600)
Total	\$ 8,619,681	\$ 8,622,397

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$1.12	—	—
1985	1.00	—	—
1984	0.92	—	—
1983	0.84	—	—
1982	0.77	—	3-for-2

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity (000's)	Equity Per Share ‡
1986	\$ 1,542,831†	\$ 31.91
1985	1,371,823†	28.84
1984	1,195,687	25.39
1983	1,074,962	22.94
1982	703,348	19.48

† After allowing for preferred stock at liquidation value.

‡ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985 ‡
Net sales	\$ 8,577,749	\$ 8,578,454
Other income	41,932	43,943
Total income	\$ 8,619,681	\$ 8,622,397
Cost of sales	6,603,164	6,733,464
Expenses	1,747,856	1,630,269

Prof. sh. plan	26,170	31,213
Interest expense	59,285	57,875
Eq. in loss (earn.) of Citgo	51,993	(112,675)
Gain from Sale of half- int. in Citgo	(114,732)	—
Income before taxes	\$ 245,945	\$ 282,251
Income taxes	45,500	69,716
Net Income	\$ 200,445	\$ 212,535

* Included in Costs and Expenses. Depreciation: \$185,522,000 in 1986 and \$163,651,000 in 1985.
‡ Restated.

Assets (000's)

As of Dec. 31	1986	1985
Cash and cash investments	\$ 71,600	\$ 74,688
Accts. & notes receiv., net	165,738	106,806
*Inventories	435,129	353,916
Deposits & prepaid expenses	47,044	49,918
Investment in prop.	27,300	61,500
Current Assets	\$ 746,811	\$ 646,828
Investments	2,272,624	1,722,496
#Fixed assets	286,384	800,904
Other assets	115,069	63,290
Total Assets	\$ 3,421,088	\$ 3,233,518

Liabilities (000's)

Comm. paper	\$ 215,291	\$ 296,620
Long-term debt, curr.	25,848	21,890
Accts. payable & accruals	633,899	570,520
Accts. payable to Citgo	53,528	98,866
Income taxes	23,975	50,513
Curr. Liabilities	\$ 952,541	\$ 1,038,409
Long-term debt	639,496	575,586
Deferred credits	161,222	122,700
+ Preferred stock	125,000	125,000
+ + Common stock	484,000	476,000
Add. paid-in capital	676,224	639,871
Retained earnings	866,123	731,476
Total Liabilities & Shareholders' Equity	\$ 3,421,088	\$ 3,233,518

* At lower of cost (FIFO) or market. All convenience and gasoline inventories at LIFO.

Less accumulated depreciation.

+ No par value; \$4 cumulative convertible exchangeable.
+ + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.87	3.29
%Net Income to Sales	2.34	2.48
%Net Income to Equity	12.02	14.20
Sales to Inventories	19.71	24.24
Debt to Equity	0.40	0.40
Shareholders' Equity	\$1,667,831,000	\$1,496,823,000

Spencer Companies, Inc.

(Operating under Chapter 11 of the U.S. Bankruptcy Code)

450 Summer Street
Boston, Massachusetts 02210
(617) 542-8120

Officers: C. Charles Marran, chairman of the board; Herbert Rosen, vice chairman; Paul O'Connor, president & chief exec. officer; Donald C. Burgess, sr. v.p. & gen. merch. mgr.; Frank L. Marran, sr. v.p.-imports & mfg.; Irwin J. Lakin, v.p.; William A. Oliver, v.p. & treasurer; James R. Morin, v.p. &

Spencer Companies, Inc.

merchandise manager; H. Kenneth Fish, clerk; asst. vice president: Roger A. Beaulieu, mgr. computer operations; John W. Crapo, buyer-women's shoes; Joseph T. Grobel-asst. treasurer; Daniel J. Hart, dir. warehousing; Donald Mish, buyer-athletic shoes.

Directors: C. Charles Marran, William A. Oliver, Herbert Rosen, Real O. Roy, Paul O'Connor.

Business Activities: Operates leased shoe departments in discount department store in the central and eastern states; also manufactures junior and missy apparel.

Subsidiary:

Happy Legs, Inc.
20 Enterprise Avenue
Secaucus, New Jersey 07094
(201) 330-7700

Manufactures Junior and Missy apparel including pants and sportswear under the names "Feelin' Jazzie," H.L. Spencer, and H.L. Tops.

Transfer Agent(s):

State Street Bank and Trust Company
Boston, Massachusetts 02101

Stock Exchange(s): American

Ticker Symbol: SPN

Number of Leased Depts. & Stores: (at fiscal year end)

	1986	1985	1984
Depts.	216	1983	253
Stores	254	1982	234
	246		

Sales and Earnings

	Net Sales \$	Net Income
1986	\$ 80,128,457	\$ (8,567,125)
1985	100,049,049	(5,657,370)
1984	91,161,259	1,284,929
1983	N.A.	803,968
1982	N.A.	(768,353)

No. of Com. Shares #

	1986	1985	1984	1983	1982
	1,870,979	1,870,435	1,800,410	1,862,167	1,850,292

(Loss)

N.A. - Not available.

‡ Includes operating revenues, of continuing operations only.
Based on the weighted daily average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	0.24	—	—
1984	0.17	—	—
1983	0.11	—	—
1982	0.20	—	—

Common Stock Equity

	Total Equity	Equity Per Share \$
1986	\$ 5,125,730	\$ 2.74
1985	13,584,313	7.26
1984	17,997,969	10.00
1983	16,867,744	9.05
1982	17,087,326	9.23

‡ Based on the weighted daily average number of shares outstanding.

Income Account

Year ended	5/31/86	6/1/85
Net sales	\$ 80,128,457	\$ 100,049,049
Cost of sales	55,540,284	73,621,420
Expenses	28,425,183	3,129,060

Depreciation & amortization	1,128,043	978,758
Interest expense	1,072,202	721,878
Interest income	(61,432)	(28,581)
Loss from discount of Cesarini Spencer	1,160,402	—
Other income	(91,430)	(272,997)

Loss bef. taxes	\$ (7,044,795)	\$ (6,107,489)
Tax credit	(88,606)	(1,372,170)
Loss-cont. oper.	\$ (6,956,189)	\$ (4,730,319)
Loss-discont. oper.	(1,610,936)	(927,051)

Net Loss	\$ (8,567,125)	\$ (5,657,370)
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Assets

As of	5/31/86	6/1/85
Cash & marketing securities	\$ 1,240,397	\$ 2,021,836
Due from factor	289,063	—
Accts. & notes receiv., net	1,237,604	959,194
Refundable taxes	33,212	2,595,500
*Inventories	13,654,725	21,436,595
Prepaid expenses	548,359	599,530
Current Assets	\$ 17,003,360	\$ 27,612,655
#Fixed assets	3,476,545	6,128,794
Intangibles & other assets	708,217	812,426
Total Assets	\$ 21,188,122	\$ 34,553,875

Liabilities

Notes payable	\$ 4,800,000	\$ 4,250,000
Mort. payable	1,200,000	—
Bankers' acceptances	1,761,668	1,041,960
Long-term debt, curr.	—	600,000
Deferred income	254,750	—
Cap. lease oblig., curr.	63,198	—
Accts. payable	5,162,786	8,291,048
Due to factor	—	4,798,089
Accrued taxes	209,379	487,976
Accrued payroll	647,165	986,882
Curr. Liabilities	\$ 14,098,946	\$ 20,455,955
Cap. lease oblig.	183,874	—
Deferred compensation	706,391	513,607
Deferred income	1,073,181	2,092,933
+ Common stock	2,092,933	2,092,933
Add. paid-in capital	6,948,691	6,948,691
Retained earnings (def.)	(1,375,221)	7,191,904
Treasury stock	(455,587)	(455,587)
Acct. receiv.-emp.	—	—
Stock trust	(2,085,086)	(2,193,628)
Total Liabilities & Shareholders' Equity	\$ 21,188,122	\$ 34,553,875

* At lower of cost (FIFO) or market for mfg., and the retail method for the retail division.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

Sales to Inventories	5.87	4.67
Debt to Equity	0.98	0.36
Working Capital	\$2,904,414	\$ 7,156,700
Current Ratio	1.21	1.35
Shareholders' Equity	\$5,125,730	\$13,584,313

Sportecular Incorporated

2090 Five Mile Line Road
Penfield, New York 14526
(716) 385-7780

Officers: Gary S. Profetta, chairman, president & chief exec. officer; Steven R. Cushman, secretary, treasurer & chief financial officer; John Parr Wiegell, v.p.-marketing; Timothy R. Flaherty, controller; Kevin P. Murphy, president-Target Vision; J. Timothy Holly, v.p.-Target Vision.

Directors: Gary S. Profetta, chairman; Robert W. Kircher, Joseph Rapp, Richard A. Calabrese.

Business Activities: Operates 12 retail sporting goods stores, principally under the name "Muxworthy's" in the Syracuse, New York area and "Sportecular" in the Rochester, New York area.

Subsidiary:

Target Vision, Inc. (94%-owned)

Provides customized informational programs and advertising messages to specifically targeted consumer groups and businesses via closed-circuit television.

Transfer Agent(s):

Chase Lincoln First Bank, N.A.
One Lincoln First Square
P.O. Box 1250
Rochester, New York 14603

Stock Exchange(s): Over-the-Counter

Ticker Symbol: SPRT (NASDAQ)

Number of Stores: (at fiscal year end)

1986 12

Sales and Earnings

	Net Sales *	Net Income
1986	\$ 6,157,236	\$ (3,038,361)
1985	3,468,648	(715,223)
1984	2,849,882	(119,097)
1983	2,171,752	(103,026)
1982 +	1,761,556	48,336

No. of Com. Shares †

	1986	1985	1984	1983	1982 +
	12,022,824	11,267,004	8,766,604	7,171,500	7,171,500

(Loss)

* Sporting goods division only.

+ Unaudited.

† Adjusted to reflect stock splits.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	1-for-10
1985	—	—	—
1984	—	—	15-for-7

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 346,195	\$ 0.03
1985	1,600,038	0.14
1984	368,937	0.04
1983	(1,766)	—
1982	14,805	—

(Deficiency)

‡ Adjusted to reflect stock splits.

Income Account *

Year ended July 31	1986	1985
Net sales	\$ 6,157,236	\$ 3,468,648
Cost of sales	4,034,424	2,147,401
Expenses	2,970,405	1,660,900
Oper. loss from advertising division	1,797,136	253,465
Gen. corporate expenses	180,120	138,685
Interest expense	227,913	125,871
Interest income	(48,813)	(65,416)
Other expense (income)	22,662	(80,621)
Loss before taxes	\$ (3,026,611)	\$ (711,637)
Income taxes	11,750	5,300
Minority interest	—	(1,714)
Net Loss	\$ (3,038,361)	\$ (715,223)

Standard Brands Paint Company

* Included in Costs and Expenses, Depreciation and Amortization: \$327,285 in 1986 and \$142,435 in 1985.

As of July 31	Assets	
	1986	1985
Cash	\$ 295,924	\$ 350,925
Restricted cash	—	560,000
Accts. receiv., net	45,430	127,480
Notes receivable	—	33,806
*Inventories	2,701,195	2,512,776
Prepaid expenses	60,612	33,106
Current Assets	\$ 3,103,161	\$ 3,618,093
#Fixed assets	1,682,294	1,154,035
Due from rel. parties	—	173,221
Other assets	45,986	34,929
Intangibles	134,629	81,812
Total Assets	\$ 4,966,070	\$ 5,062,090

Liabilities	
Note, payable	\$ 985,000 \$ 1,235,011
Long-term debt, curr.	15,313 17,006
Accts. payable	2,327,750 1,522,711
Accrued payroll	89,204 60,053
Accrued sales taxes	102,699 42,667
Other accruals	101,795 86,013
Income taxes	7,864 5,398
Curr. Liabilities	\$ 3,629,625 \$ 2,968,859
Long-term debt	477,545 493,193
Due to rel. parties	512,705 —
+ Common stock	60,114 56,335
Add. paid-in capital	4,296,250 2,515,511
Accum. deficit	(4,010,169) (971,808)
Total Liabilities & Shareholders' Equity	\$ 4,966,070 \$ 5,062,090

* At lower of cost (FIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.005 par value.

Statistical Summary	
Sales to Inventories	2.28 1.38
Debt to Equity	1.42 0.32
Working Capital	— \$ 649,234
Current Ratio	— 1.22
Shareholders' Equity	\$346,195 \$1,600,038

Sprouse-Reitz Stores

P.O. Box 8996
1411 S.W. Morrison Street
Portland, Oregon 97208
(503) 224-8220

Officers: J.A. Sprouse, chairman of the board; R.A. Sprouse, II, president & chief exec. officer; J.L. Goss, v.p.-treasurer; Jerol C. Downer, v.p.-store operations; J.E. Sprouse, v.p.-merchandise & secretary.

Directors: J.A. Sprouse, Frederick H. Torp, R.A. Sprouse, II, John E. Sprouse, Ken L. Harrison.

Business Activities: Operates a chain of variety stores in Oregon, Washington, California, Utah, Montana, Texas, Nevada, New Mexico, Arizona, Idaho and Wyoming.

Transfer Agent(s):
Corporate Trust Department
U.S. National Bank of Oregon
P.O. Box 3850
Portland, Oregon 97208

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STRS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	321	1983	320
1985	322	1982	322
1984	317		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 205,652,397	\$ 2,477,274
1985	202,793,310	3,520,571
1984	182,665,648	4,941,967
1983	159,150,115	4,438,241
1982	150,544,602	3,679,524
	No. of Com. Shares +	Earn. per Share \$
1986	1,433,979	\$ 1.73
1985	1,438,552	2.45
1984	1,434,120	3.45
1983	1,434,140	3.09
1982	1,434,200	2.57

+ Adjusted to reflect stock split.
\$ Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend \$	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.65	—	10-for-1
1984	0.60	—	—
1983	0.55	—	—
1982	0.50	—	—

Common Stock Equity

	Total Equity	Equity Per share \$
1986	\$ 59,018,068	\$ 41.16
1985	57,401,182	39.90
1984	54,825,914	38.23
1983	50,402,888	35.15
1982	46,604,138	32.60

\$ Adjusted to reflect stock split.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 205,652,397	\$ 202,793,310
Cost of sales	148,532,491	148,636,387
Expenses	52,093,748	47,915,926
Interest expense	904,450	135,438
Other income	(375,566)	(117,012)
Income bef. taxes	\$ 4,497,274	\$ 6,222,571
Income taxes	2,020,000	2,702,000
Net Income	\$ 2,477,274	\$ 3,520,571

* Included in Costs and Expenses, Depreciation and Amortization: \$2,093,848 in 1986 and \$1,686,354 in 1985.

Assets	
As of Dec. 31	1986 1985
Cash & short-term invest.	\$ 9,115,867 \$ 2,894,405
Receiv., net	615,892 1,722,520
*Inventories	62,735,046 59,452,270
Prepaid expense	612,374 511,059
Current Assets	\$ 73,079,179 \$ 64,580,254
Leased property under cap. leases	2,763,699 —
#Fixed assets	16,543,931 15,706,567
Other assets	784,751 658,825
Total Assets	\$ 93,171,560 \$ 80,945,646

Liabilities	
Long-term debt, & cap. lease oblig., curr.	\$ 258,500 \$ 198,000
Accts. payable	11,514,557 13,751,378
Accruals	5,525,965 5,442,096
Income taxes	13,108 46,457
Curr. Liabilities	\$ 17,312,130 \$ 19,437,931
Long-term debt	11,071,895 1,293,100
Deferred tax credits	612,256 721,433
Deferred inc. taxes	2,675,000 2,092,000

Cap. lease oblig. + Common stock:	2,482,211	—
Voting	3,459,240	3,482,440
Nonvoting	10,880,550	10,857,350
Retained earnings	44,678,278	43,061,392
Total Liabilities & Shareholders' Equity	\$ 93,171,560	\$ 80,945,646

* At lower of cost (principally LIFO) or market.
Less accumulated depreciation and amortization.
+ \$100 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.19	3.07
%Net Income to Sales	1.20	1.74
%Net Income to Equity	4.20	6.13
Sales to Inventories	3.28	3.41
Debt to Equity	0.19	0.03
Working Capital	\$55,767,048	\$45,142,523
Current Ratio	4.22	3.32
Shareholders' Equity	\$59,018,068	\$57,401,182

Standard Brands Paint Company

4300 West 190th Street
Torrance, California 90509
(213) 214-2411

Officers: Stuart D. Buchalter, chairman of the board & chief executive officer; Marvin Wager, president & chief operating officer; Eric Beck, exec. v.p.; Paul M. Ozawa, v.p.-finance, controller & treasurer; Wallace Steadman, v.p.-human resources; Vince D'Accioli, v.p.-corp. services; Dorothy Cvetas, secretary.

Directors: Irwin R. Buchalter*, Marvin Carton, Richard H. Loeffler*, Marvin Wager*, Stuart D. Buchalter*, Eric Beck, Gerald M. Lushing*, Linda Wachner, Wayne H. Fisher.

* Member of the Executive Committee.

Business Activities: Owns and operates retail paint and decorating centers in 11 western states. Operates five art materials retail stores in Los Angeles and Berkeley, California, and Denver, Colorado, under the name of The Art Store. Also manufactures paint and paint products.

Divisions:

Major Paint Company
4300 West 190th Street
Torrance, California 90509
(213) 542-5901

Produces paint and paint products.

Subsidiaries:

KWAL Paints, Inc.
Denver, Colorado
Retails paint and wallcoverings through KWAL Paint Center stores in Colorado, Wyoming and Nebraska. Also manufactures its own brand paint.

Enterprise Wallcoverings, Inc.
Distributes a line of moderately priced wallcoverings in the western United States.

Zynolite Products Company
Distributes lines of aerosol spray and specialty paint finishes.

Howells, Inc.
Salt Lake City, Utah
Manufacture and retail sale of paint and wallcoverings in Utah, Idaho, and Colorado.

Transfer Agent(s):
City National Bank
Beverly Hills, California

Stock Exchange(s): New York

Ticker Symbol: SBP

Standard Brands Paint Company

Number of Stores: (at fiscal year end)

1986	148	1983	116
1985	133	1982	123
1984	124		

Sales and Earnings

	Net Sales	Net Income
1987	\$ 326,609,000	\$ 15,007,000
1986	337,968,000	13,808,000
1985	314,927,000	20,779,000
1984	296,814,000	18,375,000
1983 +	260,489,000	13,352,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987	11,262,000	\$ 1.33
1986	11,271,000	1.40
1985	11,140,000	1.87
1984	11,081,000	1.68
1983 +	10,928,000	1.22

+ Unaudited.

‡ Based on the average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.575	—	—
1986	0.555	—	—
1985	0.53	—	—
1984	0.4875	—	2-for-1
1983	0.4425	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Tangible Stockholders' Equity	Equity Per Share ‡
1987	\$ 168,729,000	\$ 15.26
1986	166,050,000	14.69
1985	153,816,000	13.79
1984	138,625,000	12.46
1983	122,687,000	11.15

‡ Adjusted to reflect stock split.

Income Account * (000's)

Year ended Sept. 30	1987	1986
Net sales	\$ 326,609	\$ 337,968
Cost of sales	183,568	194,532
Expenses	114,855	116,833
Oper. profit	\$ 28,186	\$ 26,603
Interest income	(2,093)	(1,978)
Interest expense	3,593	3,037
Gain on dispos.	(345)	(1,561)
Income before taxes	\$ 27,031	\$ 27,105
Income taxes	12,024	11,297
Net Income	\$ 15,007	\$ 15,808

* Included in Costs and Expenses, Depreciation and Amortization: \$6,243,000 in 1987 and \$5,842,000 in 1986.

Assets (000's)

As of Sept. 30	1987	1986
Cash & short-term invest.	\$ 14,417	\$ 18,466
Receiv., net	7,798	10,387
Income taxes	828	4,118
Notes receiv.	1,157	2,968
Inventories	72,000	69,767
Prepaid expenses	11,100	7,470
Current Assets	\$ 107,300	\$ 113,476
Fixed assets	141,669	122,630
Intangibles	3,684	3,135
Total Assets	\$ 252,653	\$ 239,241

Liabilities (000's)

Long-term debt, curr.	\$ 3,989	\$ 2,328
Notes payable	4,000	1,175
Accts. payable & accruals	29,146	21,899
Curr. Liabilities	\$ 37,135	\$ 25,402
Convertible subord. debt	30,000	30,000
Def. inc. taxes	7,103	5,458
Long-term debt	6,002	9,196
+ Common stock	11,182	11,307
Add. paid-in capital	4,948	7,549
Retained earnings	158,858	150,329
Treasury stock	(2,575)	—
Total Liabilities & Shareholders' Equity	\$ 252,653	\$ 239,241

* At lower of cost (LIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	8.28	8.02
%Net Income to Sales	4.59	4.68
%Net Income to Equity	8.70	9.34
Sales to Inventories	4.54	4.84
Debt to Equity	0.02	0.08
Working Capital	\$ 70,165,000	\$ 88,074,000
Current Ratio	2.89	4.47
Shareholders' Equity	\$172,413,000	\$169,185,000

Standex International Corporation

6 Manor Parkway
Salem, New Hampshire 03079
(603) 893-9701

Officers: Daniel E. Hogan, chairman of the board; Thomas L. King, president, chief exec. officer; Samuel S. Dennis, III, v.p.; Robert E. Masotta, exec. v.p.; John M. Wall, v.p.-corp. communications & industrial relations; John J. Bentley, controller; Arthur G. Houghton, v.p.-operations; Thomas H. DeWitt, v.p., general counsel & secretary; Norman B. Asher, Charles F. Hartsock, asst. secretaries; Lindsay M. Sedwick, treasurer; Suzanne M. Zabitchuck, asst. secretary & sr. corp. attorney; Robert R. Kettinger, asst. controller.

Directors: Daniel E. Hogan*, Edward C. Bloomberg, John Bolten, Jr., William Brewster, William L. Brown*, Warren S. Cooper*, Samuel S. Dennis, III*, Thomas L. King*, John Hill, C. Kevin Landry, Sol Sackel, Daniel B. Hogan, Robert E. Masotta*, H. Nicholas Muller, III.

* Member of the Executive Committee.

Business Activities: The Electronics Group manufactures electronic components, inductors, capacitors, connectors, reed switches and reed relays. The Industrial Group manufactures embossing rolls and plate, mold engraving, specialty converting and finishing machinery and systems, ducting for heating, air-conditioning, and ventilation systems; power metal spinning of components for aerospace, energy systems, and industrial applications. The Consumer Products Group manufactures and sells pine furniture and furnishings through its Yield House mail order operation and manages a chain of 21 Yield House retail stores; sells grapefruit and other gift packages and fund raising supplies through other mail order operations. The Institutional Products Group manufactures patient feeding systems, handblown glassware, barbecuing and baking equipment, candlelamps and candles, food waste disposers, refrigeration equipment, slicing machines, and clippers, casters and wheels, and food racks, cabinets and carts. The Graphics Group publishes religious literature and manufactures election supplies; manufactures commercial printing products and educational materials and specialized binding systems; operates a chain of 20 religious retail bookstores.

Transfer Agent(s):

The First National Bank of Boston
P.O. Box 644
Boston, Massachusetts 02102

Stock Exchange(s): New York

Ticker Symbol: SXI

Number of Stores: (at fiscal year end)

1986	41	1983	40
1985	43	1982	39
1984	44		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 376,322,000	\$ 15,593,000
1985	375,275,000	18,568,000
1984	378,547,000	20,006,000
1983	357,731,000	16,099,000
1982	365,658,000	13,536,000
	No. of Com. Shares #	Earn. per Share #
1986	13,040,000	\$ 1.20
1985	13,601,000	1.37
1984	13,854,000	1.44
1983	13,612,000	1.18
1982	13,490,000	1.00

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Revenues By Line of Business (000's)

	1986	1985
Graphics	\$ 100,642	\$ 100,992
Consumer	56,157	64,380
Institutional	115,045	107,816
Electronics	14,958	14,798
Industrial	88,899	86,823
General, corporate & other	621	466
Total	\$ 376,322	\$ 375,275

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.52	—	—
1985	0.52	—	—
1984	0.50	—	2-for-1
1983	0.48	—	—
1982	0.47	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 146,784,000	\$ 11.26
1985	147,251,000	10.83
1984	144,019,000	10.39
1983	132,614,000	9.72
1982	131,944,000	9.78

‡ Adjusted to reflect stock split.

Income Account

Year ended June 30	1986	1985
Net sales	\$ 376,322,417	\$ 375,274,925
Other income	1,345,772	3,535,726
Total Income	\$ 377,668,189	\$ 378,810,651
Cost of sales	240,380,431	237,867,112
Expenses	97,310,729	97,478,324
Depreciation & amortization	8,358,245	7,389,776
Interest expense	3,409,049	2,927,193
Income before taxes	\$ 28,209,735	\$ 33,148,246
Income taxes	12,617,000	14,580,000
Net Income	\$ 15,592,735	\$ 18,568,246
	Assets	
As of June 30	1986	1985
Cash	\$ 18,048	\$ 18,048
Receiv., net	117	117

*Inventories	78,794,348	77,203,629
Prepaid expenses	3,883,190	3,789,484

Current Assets	\$ 143,543,902	\$ 134,786,975
Fixed assets	79,183,291	66,369,499
Receivables	7,005,166	6,268,035
Intangibles	11,861,697	11,082,601

Total Assets	\$ 241,594,056	\$ 218,507,110
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Liabilities

Notes payable & long-term debt, curr.	\$ 6,799,012	\$ 6,998,042
Accts. payable	19,645,931	16,751,932
Accruals	4,583,842	3,363,680
Accrued payroll	11,863,981	12,765,957
Income taxes	4,257,425	3,009,717

Curr. Liabilities	\$ 47,150,191	\$ 42,889,328
Long-term debt	37,244,036	19,942,615
Deferred inc. taxes	9,186,000	6,494,000
Other liab.	1,230,094	1,930,177
+ Common stock	20,988,209	20,988,209
Add. paid-in capital	6,276,606	6,345,464
Retained earnings	146,282,899	137,442,570
Cum. trans. adjust.	(3,510,314)	(9,206,277)
Treasury stock	(22,653,665)	(6,818,976)
Bank loan	(600,000)	(1,500,000)

Total Liabilities & Shareholders' Equity	\$ 241,594,056	\$ 218,507,110
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* At lower of cost (FIFO) or market.

† Less accumulated depreciation and amortization.

+ No par value.

Statistical Summary

%Income bef. Taxes		
to Sales	7.50	8.83
%Net Income to Sales	4.14	4.95
%Net Income to Equity	10.62	12.61
Sales to Inventories	4.78	4.86
Debt to Equity	0.25	0.18
Working Capital	\$ 96,393,711	\$ 91,897,647
Current Ratio	3.04	3.14
Shareholders' Equity	\$146,783,735	\$147,250,990

Steinberg Inc.

Alexis Nihon Plaza
1500 Atwater Avenue
Montreal, Quebec, Canada H3Z 1Y3
(514) 931-9131

Officers: Melvyn A. Dobrin, chairman of the board; Irving Ludmer, president & chief executive officer; William Cleman, exec. v.p.-real estate & expansion; Jean-Roch Vachon, exec. v.p.-food retailing, Canada; H. Arnold Steinberg, exec. v.p.-finance & development; Michael Kershaw, v.p.-Steinberg; Leslie Mann, group v.p. & gen. mgr.-Ontario Supermarket Division; Henri Tremblay, sr. v.p.-exec. development & succession planning; Diane Marcelin Laurin, v.p.-general counsel & secretary; Alain Bilodeau, v.p.-labour relations; Morris Ladenheim, sr. v.p.-food retailing, Canada; Douglas R. Stewart, sr. v.p. & gen. mgr.-Steinberg distribution; Alain Germain, group v.p. & gen. mgr.-Quebec Supermarket Division; Marcel Croux, v.p.-information systems; Pierre de Grandpré, v.p.-taxation; C. Thomas Hickey, v.p.-Steinberg; Harry Lutgens, v.p. & gen. mgr.-Valdi Foods Inc.; Bernard McDonnell, v.p.-real estate; Sajjad H. Randhawa, v.p. & comptroller; Louis Roquet, v.p.-corp. development; Hans Schwietz, v.p. & treasurer; Lewis Steinberg, v.p.-Steinberg; Jean-Pierre Larocque, asst. controller, accounting; Mark Sellers, asst. treasurer; Michel Beland, assistant secretary.

Directors: Donald G. Campbell, André Charron, J.V. Raymond Cyr*, Melvyn Dobrin*, Mitzi S. Dobrin*, Gerard Plourde*, H. Arnold Steinberg*, Irving Ludmer*, Mark Lalonde, Norman E. Auerbach.

*Member of the Executive Committee.

Business Activities: Operates food stores in the provinces of Quebec, New Brunswick, and Ontario. Also operates discount department stores under the name of Miracle Mart. Businesses

include restaurants, flour milling, bakery and food processing operations, with restaurant activities in Manitoba, and box stores in Ontario, Manitoba, Saskatchewan and Alberta.

Divisions:

Quebec Supermarket Division
5400 Hochelaga Street
Montreal, Quebec
(514) 252-7411
Operates 124 food stores in Quebec and eastern Ontario.

Ontario Supermarket Division
65 Rexdale Boulevard
Etobicoke, Ontario
(416) 747-3000
Operates 73 food stores in southern and northwestern Ontario.

Steinberg Distribution
Trillium Meats

Multi-Restaurants Division
Alexis Nihon Plaza
1500 Atwater Avenue
Montreal 216, Quebec, Canada
(514) 931-9131
Operates 158 fast food restaurants.

Subsidiaries:

Miracle Mart Inc.
5151 Thimens Boulevard
Vile St. Laurent Avenue
Montreal H4R 2C8 Quebec, Canada
(514) 333-6111
Operates 24 department stores.

Smitty Super Valu, Inc.
2626 South Seventh Street
Phoenix, Arizona 85034
(602) 262-1000
Operates 22 supermarket-department stores in the U.S. Southwest.

Valdi Foods Inc.
155 Rexdale Blvd.
Etobicoke, Ontario, Canada M9W 5Z8
(416) 744-2260
Operates 71 food stores, primarily in Ontario.

Ivanhoe Inc.
Alexis Nihon Plaza
1500 Atwater Avenue
Montreal, Quebec, Canada
(514) 931-9131
Engaged in ownership and development of shopping centers.

Franchise Plus Inc.
5707 Sherbrooke St. East
Montreal, Quebec
(514) 252-7891
Franchise operation servicing a chain of convenience stores in Quebec, operating under the name La Maisonnee.

Oak Pharmacies Limited.
65 Rexdale Boulevard
Etobicoke, Ontario
Canada M9W 1P2
(416) 747-3000
Operates the pharmacy sections of seven Miracle Food Mart food and drug combinations super stores in Ontario.

Franchises 5-16-11 Inc.
P.O. Box 310
Westmount Station
Westmount, Quebec
Canada H3Z 2T5
(514) 934-7798
Develops and franchises "Les 5 Saisons" premium quality perishables food stores.

Allgro Inc.
733 Smith Boulevard South
Thetford-Mines, Quebec
Canada G6G 6K4
(418) 338-4545
Operates cash-and-carry centers, food distribution centers, affiliated, independent and retail food stores in Quebec and eastern New Brunswick.

Transfer Agent(s):

Montreal Trust Company
Montreal, Halifax, Toronto, Winnipeg, Regina, Calgary & Vancouver, Canada.

Stock Exchange(s): Toronto, Montreal

Ticker Symbol: SBG

Number of Stores:

	Super- markets	Dept. Stores	Restau- rants	Grocery Stores
1986	227	31	162	66
1985	239	31	173	66
1984	241	32	189	88
1983	242	32	198	85
1982	246	32	196	70

Sales and Earnings +

	Net Sales † (000's)	Net Income × (000's)
1986	\$ 4,041,948	\$ 38,938
1985	3,801,347	73,634
1984	3,341,580	15,021
1983	3,248,058	13,392
1982	3,210,300	34,103

	No. of Com. Shares ‡	Earn. per Share ‡ ×
1986	16,772,376	\$ 1.51
1985	16,752,576	4.19
1984	14,252,576	0.24
1983	14,252,576	0.36
1982	14,252,576	2.05

+ In Canadian dollars.

* 53 weeks.

† Includes operating revenues.

‡ Restated to eliminate sales and expenses relating to special charge.

§ Based on class A and Common Shares combined adjusted to reflect stock split.

× Including extraordinary gain of \$1,313,000 (\$0.09 per share) in 1983.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$0.50	—	—
1985	0.50	—	2-for-1
1984	0.50	—	—
1983	0.70	—	—
1982	0.65	—	—

† Paid on Class A and common stock adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡	Equity Per Share ‡†
1986	\$ 401,446,000	\$ 23.93
1985	382,039,000	22.81
1984	276,250,000	19.38
1983	275,799,000	19.35
1982	281,073,000	19.72

‡ After allowing for cum. redem. preferred shares, series A at par value of \$100; second preferred shares, series one and two, at par value of \$25; second preference shares, series A at redemption value of \$25 and series B at stated value (U.S. \$25.); third preferred shares, series I at redemption value of \$30.34.

†† Based on Class A and common stock combined adjusted to reflect stock split.

**Income Account
(000's)**

Year ended	7/26/86	7/27/85 ‡
Net sales & oper. rev.	\$ 4,041,948	\$ 3,801,347
Cost of sales & expenses	3,186,957	2,996,627
Wages & empl. benefits	672,502	612,165
Rentals	43,214	43,670
Depreciation & amortization	49,966	46,128
Interest exp.	45,246	42,318

Steinberg Inc.

Interest income	(17,652)	(15,571)
Other income	(12,051)	(15,358)
Income before taxes	\$ 73,766	\$ 91,168
Special charge	15,123	4,730
Income taxes	19,292	12,425
Minority interest	413	379
Net Income	\$ 38,938	\$ 73,634

‡ Retained.

As of	Assets (000's)	
	7/26/86	7/27/85
Cash & invest.	\$ 184,983	\$ 156,196
Accts. receiv., net	53,772	47,033
*Inventories	333,069	343,536
Prepaid expenses	23,662	23,411
Deferred inc. taxes	1,524	898
Current Assets	\$ 597,010	\$ 571,074
*Fixed assets—real estate	185,978	186,230
*Fixed assets—retail & mfg.	334,513	292,080
Intangibles	62,643	63,061
Other assets	41,609	34,213
Total Assets	\$ 1,221,753	\$ 1,146,658

As of	Liabilities (000's)	
	7/26/86	7/27/85
Notes payable	\$ 12,581	\$ —
Long-term debt, curr	3,666	7,283
Accts. payable & accruals	329,383	306,218
Dividends payable	23	24
Income taxes	1,485	1,039
Current Liabilities	\$ 347,138	\$ 314,564
Long-term debt	319,161	293,258
Minority interest	1,281	1,358
Deferred inc. taxes	14,542	15,989
+ Series A. 5 1/2% preferred	1,769	1,819
+ + \$1.95 second preferred	36,524	37,419
+ + var. rate second preferred	19,250	19,250
+ + + \$2.9375 series A	35,625	35,625
+ + + U.S. \$2.875 series B	20,143	20,143
+ + + \$2.72 third preferred	24,874	25,174
+ + + Class A	76,315	76,015
+ + + Common stock	12,176	12,176
Add. paid-in capital	2,429	2,334
Retained earnings	303,094	286,212
Cum. trans. adj.	7,432	5,322
Total Liabilities	\$ 1,221,753	\$ 1,146,658

* At lower of cost and net realizable value.
 ‡ Less accumulated depreciation and amortization.
 + \$100 par value.
 + + \$25 par value.
 + + + No par value.

Statistical Summary		
%Income bef. Taxes to Sales	1.83	2.40
%Net Income to Sales	0.96	1.94
%Net Income to Equity	7.22	14.12
Debt to Equity	0.62	0.58
Working Capital	\$249,872,000	\$256,510,000
Current Ratio	1.72	1.89
Shareholders' Equity	\$539,631,000	\$521,489,000

Stereo Village, Inc.

1833 Lawrenceville Highway
 Decatur, Georgia 30033
 (404) 325-0049

Officers: Bernard J. Dubler, chairman of the board & president; Larry Sarner, Michael H. Dubler, executive vice presidents; James W. Buckler, Jr., executive v.p. & secretary; H. Lynn Chappell, treasurer; W. David Moore, III, v.p.

Directors: Bernard J. Dubler, chairman of the board; Larry Sarner, Michael H. Dubler, James W. Buckler, Jr.

Business Activities: Operates 24 consumer electronics and home entertainment retail stores in Georgia, Louisiana, North Carolina, South Carolina and Florida. Stores operate under the names Stereo Village, Tart's, Stereo Video, and Captain's Video.

Subsidiary:

Captain Video Enterprises, Inc.
 Operates six retail stores in south Florida.

Transfer Agent(s):

First National Bank of Atlanta
 Atlanta, Georgia

Stock Exchange(s):

Over-the-Counter

Ticker Symbol: STVL (NASDAQ)

Number of Stores: (at fiscal year end)

1986	24	1983	7
1985	17	1982	6
1984	14		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 61,655,000	\$ 316,000
1985	40,533,000	1,002,000
1984	17,641,000	471,000
1983	12,984,000	358,000
1982	9,847,000	89,000

	No. of Com. Shares ‡	Earn. per Share ‡
1986	1,975,123	\$ 0.16
1985	1,320,480	0.76
1984	993,900	0.47
1983	993,900	0.36
1982	993,900	0.09

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock	Cash Dividend		Stock Split
	Dividend	Dividend	
1986	—	—	3-for-2

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 11,632,000	\$ 5.89
1985	3,329,000	2.52
1984	1,093,000	1.10
1983	822,000	0.63
1982	264,000	0.27

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *		
Year ended Mar. 31	1986	1985
Net sales	\$ 61,655,123	\$ 40,533,373
Cost of sales	45,721,120	29,133,770
Expenses	15,310,256	9,386,234
Interest expense	327,478	300,300
Interest income	(56,108)	(45,858)
Other income	(64,846)	(85,665)
Income before taxes	\$ 417,223	\$ 1,844,592
Income taxes	101,000	843,000
Net Income	\$ 316,223	\$ 1,001,592

* Included in Costs and Expenses, Depreciation and Amortization: \$458,051 in 1986 and \$310,110 in 1985.

As of Mar. 31	Assets	
	1986	1985
Cash	\$ 815,967	\$ 888,929
Accts. receiv., net	1,182,987	649,255
Refundable taxes	1,042,836	—
*Inventories	14,198,582	9,502,829
Prepaid expenses	286,177	67,335
Loans to shareholders	141,267	28,406
Deferred inc. taxes	70,000	51,000
Current Assets	\$ 17,737,816	\$ 10,787,754
*Fixed assets	3,523,724	1,663,175
Other assets	130,971	45,435
Intangibles	2,013,365	—
Total Assets	\$ 23,405,876	\$ 12,496,364
As of Mar. 31	Liabilities	
	1986	1985
Notes payable	\$ 4,700,000	\$ 2,433,358
Long-term debt, curr.	458,333	441,213
Accts. payable	3,248,477	3,346,070
Accrued compensation	452,622	350,034
Other accruals	716,483	782,516
Income taxes	—	508,103
Current Liabilities	\$ 9,575,915	\$ 7,861,294
Long-term debt	2,041,667	1,260,424
Deferred inc. taxes	156,000	46,000
+ Common stock	22,069	13,689
Add. paid-in capital	9,229,205	1,250,160
Retained earnings	2,381,020	2,064,797
Total Liabilities & Shareholders' Equity	\$ 23,405,876	\$ 12,496,364

* At lower of cost (FIFO) or market.
 ‡ Less accumulated depreciation and amortization.
 + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.68	4.55
%Net Income to Sales	0.51	2.47
%Net Income to Equity	2.72	30.09
Sales to Inventories	-4.34	4.27
Debt to Equity	0.62	1.24
Working Capital	\$ 8,161,901	\$2,926,460
Current Ratio	1.85	1.37
Shareholders' Equity	\$11,632,294	\$3,328,646

The Stop & Shop Companies, Inc.

P.O. Box 369
 Boston, Massachusetts 02101
 (617) 770-8000

Officers: Avram J. Goldberg, chairman & chief executive officer; Carol R. Goldberg, president & chief operating officer; Harold Frank, sr. v.p., chairman & C.E.O.-Bradlee Dept. Stores; Joseph D. McGlinchey, sr. v.p., treasurer & chief financial officer; Jack Kushinsky, sr. v.p.; Donald J. Comeau, sr. v.p.; Lewis G. Schaeneman, Jr., sr. v.p. & president & C.E.O.-Stop & Shop Supermarket Co.; James V. Morgan, v.p.-labor relations; Samuel W.W. Mandell, sr. v.p.-gen. counsel, clerk & secretary; Harold E. Fine, v.p.-engineering & construction; Arthur S. Robbins, v.p.-financial services & asst. treasurer; Charles Richards, v.p.-corporate properties; Robert Manson, v.p.-information systems; Rufus E. Lester, group v.p.-public policy & technical affairs; Aileen Gorman, v.p.-public affairs; Glenn E. Davis, controller; Paul H. Freischlag, asst. treasurer & director-taxes.

Directors: Clifton B. Cox, Julian I. Edison, Avram J. Goldberg*, Irving W. Rabb*, Norman S. Rabb, William W. Wolbach, Albert S. Frager*, Carol R. Goldberg*, John G.L. Cabot, Phyllis A. Wallace, Robert J. Levin, Harold Frank, Roderick MacDougal, Joan T. Bok, Lewis G. Schaeneman, Jr., Charles W. Schmidt*.

* Member of the Executive Committee.

Business Activities: Operates 162 Bradlee's Discount Department Stores in New England, New York, New Jersey, Pennsylvania, Delaware, Maryland, and Virginia and 113 Stop & Shop Supermarkets in Rhode Island, Massachusetts, New York, and Connecticut. The manufacturing division operates the following: Bakery, dairy, seafood processing plant, carbonated beverage plant, recycling center, photo lab and commissary.

Divisions and Subsidiaries:

Bradlees Department Store Company
1 Bradlees Circle
Braintree, Massachusetts 02184
(617) 770-8000

Shop & Shop Supermarket Company
Quincy Center Plaza
Quincy, Massachusetts 02172
(617) 770-8000

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Boston

Ticker Symbol: SHP

Number of Stores: (at fiscal year end)

	Bradlees	Other general merchandise stores	Supermarkets
1987	162	—	113
1986	158	143	114
1985	132	135	119
1984	127	168	118
1983	106	175	120

Sales and Earnings

	Net Sales + (000's)	Net Income + (000's)
1987	\$ 3,872,419	\$ 38,400
1986	3,429,508	30,300
1985*	3,075,928	54,845
1984	2,641,228	50,801
1983	2,206,186	34,823

	No. of Com. Shares †	Earn. per Share ‡
1987	13,898,000	\$ 2.77
1986	13,810,000	2.20
1985*	13,748,000	4.60
1984	11,600,000	4.73
1983	10,253,000	3.43

* 53 weeks.

† Of continuing operations only.

‡ Adjusted to reflect stock splits.

§ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend*	Stock Dividend	Stock Split
1987	\$1.10	—	—
1986	1.08	—	—
1985	0.94	—	—
1984	0.73	—	2-for-1
1983	0.59	—	5-for-4

* Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share*
1987	\$ 431,028,000	\$ 31.01
1986	405,670,000	29.37
1985	388,830,000	28.28
1984	284,611,000	24.54
1983	181,455,000	17.70

* Adjusted to reflect stock splits.

Income Account (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 3,872,419	\$ 3,429,508
Cost of sales	2,852,678	2,567,831
Expenses	821,096	714,479

Depreciation & amortization	72,181	60,768
Interest expense	37,589	29,654
Restruct. costs	750	—

Income before taxes	\$ 88,125	\$ 56,776
Income taxes	43,725	21,400

Inc.-cont. oper.	\$ 44,400	\$ 35,376
Loss-discont. oper.	(6,000)	(5,076)

Net Income	\$ 38,400	\$ 30,300
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Assets
(000's)

As of	1/31/87	2/1/86
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Cash & market, secur.	\$ 56,895	\$ 35,058
Accts. receiv., net	41,442	40,050
* Inventories	454,939	481,650
Prepaid expenses	19,868	17,141
Net assets of discont. oper.	30,134	—

Current Assets	\$ 603,278	\$ 573,899
* Fixed assets	360,094	342,016
Cap. lease oblig.	133,984	124,668
Def. lease acq. costs	52,204	67,016
Other assets	4,959	4,389

Total Assets	\$ 1,154,519	\$ 1,111,988
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Liabilities (000's)

Long-term debt, curr.	\$ 3,339	\$ 10,364
Cap. lease oblig., curr.	13,946	13,601
Accts. payable	249,351	249,035
Accruals	76,948	67,689
Income taxes	16,434	2,459
Curr. Liabilities	\$ 360,018	\$ 343,148
Long-term debt	213,718	227,528
Deferred credit	15,983	8,865
Oblig. under cap. lease	133,772	126,777
+ Common stock	14,000	13,929
Add. paid-in capital	132,375	130,012
Retained earnings	286,869	263,716
Treasury stock	(2,216)	(1,987)

Total Liabilities & Shareholders' Equity	\$ 1,154,519	\$ 1,111,988
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* At lower of cost (FIFO) or market. Supermarket, grocery and Bradlees Dept. Stores at LIFO.

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Net Income to Equity	0.99	7.47
Sales to Inventories	8.51	7.12
Debt to Equity	0.85	0.93
Working Capital	\$243,260,000	\$230,751,000
Current Ratio	1.51	1.67
Shareholders' Equity	\$431,028,000	\$405,670,000

Strawbridge & Clothier

801 Market Street
Philadelphia, Pennsylvania 19105
(215) 629-6000

Officers: Francis R. Strawbridge, III, chairman of the board; Peter S. Strawbridge, president; G. Stockton Strawbridge, chairman of the exec. comm.; James M. Gassaway, II, exec. v.p.-planning, development & research; Richard H. Hall, exec. v.p.-control, operations & personnel; Warren W. White, exec. v.p. & gen. mgr.-Clover Div.; Steven L. Strawbridge, v.p., treasurer & secretary; David W. Strawbridge, v.p.-personnel; Robert G. Muskas, v.p.-stores; William A. Timmons, v.p.-sales promotion; George L. Compton, Finley H. Haiman, Natalie B. Weintraub, v.p.'s & general merch. mgrs.

Thomas S. Rittenhouse, v.p. & controller; William A. Rittenmayer, v.p.-control & operations, Clover Div.; Louis F. Busico, v.p. & general merchandise manager, Clover Div.; G. Leonard Shea, v.p.-personnel & services, Clover Div.; Robert A. Hoffner, v.p.-stores, Clover Division; John J. Leahy, v.p. & gen. superintendent; Alice T. Kanigowski, v.p. & general merchandise mgr.-Clover Division.

Directors: G. Stockton Strawbridge*, Randall E. Copeland, Frank R. Veale, Winthrop de V. Schwab, James M. Gassaway, II*, Francis R. Strawbridge, III*, Peter S. Strawbridge*, David W. Strawbridge*, Isaac H. Clothier, IV, Steven L. Strawbridge*, Warren W. White*, Margaret S. Clews, Anne C. Longstreth, Richard H. Hall.

* Member of the Executive Committee.

Areas of Work: Operates department stores and discount variety stores in the Philadelphia metropolitan area, New Jersey and Delaware. The department stores operate under the Strawbridge & Clothier name; the discount variety stores operate under the Clover name.

Transfer Agent(s):

Mellon Bank (East) N.A. (preferred stock)
Corporate Trust Division
Four Mellon Bank Center
Philadelphia, Pennsylvania 19102

The Philadelphia National Bank (common stock)
Corporate Trust Administration
P.O. Box 13834
Philadelphia, Pennsylvania 19101

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STRWA (NASDAQ)

Number of Stores: (at fiscal year end)

1986	33	1983	29
1985	33	1982	29
1984	33		

Sales and Earnings

	Net Sales \$	Net Income
1987	\$ 739,117,000	\$ 20,692,000
1986	686,929,000	24,086,000
1985*	630,496,682	24,675,406
1984	545,489,497	20,856,762
1983	471,932,903	14,096,410

	No. of Com. Shares †	Earn. per Share ‡
1987	7,278,989	\$ 2.83
1986	7,148,242	3.36
1985*	8,506,333	2.89
1984	8,992,976	2.31
1983	8,904,238	1.57

* 53 weeks.

† Includes leased department sales.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$1.20	7%	—
1986	0.66	7%	—
1985	0.48	7%	3-for-2 & 2-for-1
1984	0.37	7%	—
1983	0.34	5%	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1987	\$ 167,922,000	\$ 23.27
1986	151,504,000	21.14
1985	130,982,000	18.40
1984	159,735,000	17.68
1983	141,544,000	15.79

† Adjusted to reflect stock dividends and stock splits.

Strawbridge & Clothier

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 739,117,000	\$ 686,929,000
Other income	629,000	537,000
Total income	\$ 739,746,000	\$ 687,466,000
Cost of sales	536,932,000	494,936,000
Expenses	117,937,000	102,922,000
Depreciation	16,911,000	14,815,000
Pension cost	1,912,000	3,158,000
Interest expense	17,066,000	18,258,000
Prov. for doubtful accts.	7,254,000	6,622,000
Income before taxes	\$ 41,734,000	\$ 46,755,000
Income taxes	21,042,000	22,669,000
Net Income	\$ 20,692,000	\$ 24,086,000

Assets

As of	1/31/87	2/1/86
Cash	\$ 5,684,000	\$ 1,705,000
Accts. receiv., net	149,410,000	154,616,000
*Inventories	104,073,000	98,520,000
Prepaid expenses	7,862,000	4,171,000
Current Assets	\$ 267,029,000	\$ 259,012,000
#Fixed assets	197,801,000	188,468,000
Other assets	7,809,000	7,331,000
Total Assets	\$ 472,639,000	\$ 454,811,000

Liabilities

Notes payable	\$ —	\$ 17,500,000
Long-term debt & cap. lease oblig., curr.	506,000	5,719,000
Accounts payable	47,991,000	44,906,000
Accruals	9,843,000	9,753,000
Deferred taxes	22,679,000	23,551,000
Other taxes	15,592,000	8,610,000
Curr. Liabilities	\$ 101,611,000	\$ 110,039,000
Long-term debt	115,271,000	105,790,000
Cap. lease oblig.	58,780,000	61,565,000
Other liab.	27,671,000	24,482,000
+ Redeem pref. stock	1,384,000	1,431,000
+ + Common stock	6,832,000	6,372,000
Add. paid-in capital	57,588,000	32,377,000
Retained earnings	105,835,000	115,752,000
Treasury stock	(2,333,000)	(2,997,000)
Total Liabilities & Shareholders' Equity	\$ 472,639,000	\$ 454,811,000

* At cost (LIFO method).

Less accumulated depreciation.

+ \$100 par value, \$5 cumulative.

+ + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.65	6.81
%Net Income to Sales	2.80	3.51
%Net Income to Equity	12.32	15.90
Sales to Inventories	7.10	6.97
Debt to Equity	1.07	1.26
Working Capital	\$165,418,000	\$148,973,000
Current Ratio	2.63	2.35
Shareholders' Equity	\$167,922,000	\$151,504,000

Cocozza, pres.-Sperry Top-Sider, Inc.; J. Tom Harrison, pres.-The Keds Corporation; Charles W. Holmes, pres.-Joseph M. Herman Shoe Company, Inc.

Directors: Arnold Hiatt, chairman of the board; Herber H. Goldberger, John J. Phelan, Robert S. Pirie, Walter J. Salomon, Myles J. Slosberg, Joel E. Smilow.

Business Activities: Manufactures and markets children's footwear under the names Stride Rite, Keds and Zips; boating and recreational shoes and adult work boots and shoes under the names Sperry, Sperry Top-Sider, Herman and Herman Survivors; and casual and athletic footwear for children and adults under the names Keds, Pro-Keds and Grasshoppers. These products are sold through independent retail shoe stores, department stores, sporting goods stores and marinas, as well as through its 173 Stride Rite Bootery stores, 30 Overland Trading Company stores, and 54 leased departments in leading department stores.

Subsidiaries:

Joseph M. Herman Shoe Company, Inc.
The Keds Corporation
Sperry Top-Sider, Inc.
Stride Rite Footwear, Inc.
Stride Rite International, Ltd.
Stride Rite Retail Corp.

Transfer Agent(s):

The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: SRR

Number of Stores: (at fiscal year end)

1986 257 1985 237

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 283,457,000	\$ 17,014,000
1985	277,310,000	11,178,000
1984	289,489,000	5,420,000
1983	301,698,000	16,803,000
1982	224,814,000	11,365,000

No. of Com. Shares

	Earn. per Share ‡
1986	\$ 2.25
1985	1.49
1984	0.72
1983	2.35
1982	1.80

† Including extraordinary gain of \$489,000 (\$0.07 per share) in 1985.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—
1984	0.80	—	—
1983	0.72	—	—
1982	0.67	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 122,729,000	\$ 16.29
1985	111,526,000	14.81
1984	105,674,000	14.10
1983	105,983,000	14.14
1982	63,455,000	10.01

Income Account *

Year ended	11/28/86	11/29/85
Net sales	\$ 283,457,000	\$ 277,310,000
Cost of sales	158,127,000	164,549,000
Expenses	99,048,000	96,419,000
Invest. income	(1,884,000)	(3,255,000)
Interest expense	1,137,000	1,991,000
Other expense (income)	(601,000)	54,000

Income before taxes	\$ 27,630,000	\$ 17,552,000
Income taxes	10,616,000	6,863,000
Net Income	\$ 17,014,000	\$ 10,689,000
Extraord. gain	—	489,000
Net Income & extraord. gain	\$ 17,014,000	\$ 11,178,000

* Included in Costs and Expenses, Depreciation and Amortization: \$4,361,000 in 1986 and \$4,153,000 in 1985.

Assets

As of	11/28/86	11/29/85
Cash & cash equiv.	\$ 17,921,000	\$ 13,370,000
Marketable securities	15,485,000	28,103,000
Accts. receiv., net	48,203,000	45,873,000
*Inventories	70,549,000	53,601,000
Deferred inc. taxes	8,899,000	7,539,000
Prepaid expenses	6,447,000	6,385,000
Current Assets	\$ 167,504,000	\$ 154,871,000
#Fixed assets	21,584,000	22,793,000
Other assets	3,348,000	1,792,000
Intangibles	1,926,000	2,017,000
Total Assets	\$ 194,362,000	\$ 181,473,000

Liabilities

Long-term debt, curr.	\$ 990,000	\$ 2,096,000
Accts. payable	23,064,000	21,596,000
Accruals	25,571,000	23,235,000
Curr. Liabilities	\$ 49,625,000	\$ 46,927,000
Long-term debt	9,745,000	12,603,000
Deferred inc. taxes	12,263,000	10,417,000
+ Common stock	7,603,000	7,603,000
Add. paid-in capital	30,301,000	30,112,000
Retained earnings	85,266,000	74,276,000
Treasury stock	(441,000)	(465,000)
Total Liabilities & Shareholders' Equity	\$ 194,362,000	\$ 181,473,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	9.75	6.33
%Net Income to Sales	6.00	3.85
%Net Income to Equity	13.86	9.58
Sales to Inventories	4.02	5.17
Debt to Equity	0.09	0.13
Working Capital	\$117,879,000	\$107,944,000
Current Ratio	3.38	3.30
Shareholders' Equity	\$122,729,000	\$111,526,000

Stuarts Department Stores, Inc.

45 South Street
Hopkinton, Massachusetts 01748
(617) 435-9711

Mailing address:

P.O. Box 9101
Hopkinton, Massachusetts 01748-9101

Officers: Marc C. Ostrow, chairman; Harry Kohn, Jr., president & chief exec. officer; Joseph B. Garb, v.p.-finance, chief financial officer & secretary; Anthony J. Cincotta, v.p.-merchandising; Gerald Davis, v.p.-real estate & construction; Robert Hunt, v.p.-operations; James H. Lee, v.p.-administration & treasurer.

Directors: Marc C. Ostrow, chairman; Harry Kohn, Jr., James J. Fuld, Jr., Joseph B. Garb, Howard C. Landis, Martin S. Orland.

Business Activities: Operates a chain of discount department stores, with emphasis on apparel, throughout New England.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

The Stride Rite Corporation

5 Cambridge Center
Cambridge, Massachusetts 02142
(617) 491-8800

Officers: Arnold Hiatt, chairman, president & chief exec. officer; John J. Phelan, exec. v.p. & treasurer; Irwin Miller, exec. v.p. & pres.-The Children's Group; Marcia C. Morris, v.p., general counsel, secretary & clerk; John M. Kelliher, corp. controller; William E. Dawson, asst. treasurer; Mark J.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: STUS (NASDAQ)

Number of Stores: (at fiscal year end)

1987	21	1985	11
1986	16	1984	9

Sales and Earnings

	Net Sales	Net Income
1987	\$ 120,261,000	\$ 1,251,000
1986	84,887,000	2,520,000
1985*	63,625,000	2,223,000
1984+	21,003,000	726,000

	No. of Com. Shares ‡	Earn. per Share ‡
1987	4,329,170	\$ 0.29
1986	4,081,821	0.62
1985*	4,019,451	0.55
1984+	N.A.	0.18

N.A. - Not Available.

* 53 weeks.

+ 16 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	—
1986	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 15,755,231	\$ 3.64
1985	14,095,361	3.45
1984	8,324,680	2.07
1983	1,325,600	—

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account

Year ended	1/31/87	2/1/86
Net sales	\$ 120,261,190	\$ 84,886,773
Other income	1,733,164	1,956,105
Total income	\$ 121,994,354	\$ 86,842,878
Cost of sales	88,050,669	61,265,898
Expenses	29,647,614	19,776,227
Depreciation & amortization	1,176,146	912,209
Interest expense	647,554	593,934
Income before taxes	\$ 2,472,371	\$ 4,294,610
Income taxes	1,221,421	1,775,000
Net Income	\$ 1,250,950	\$ 2,519,610

Assets

As of	1/31/87	2/1/86
Cash	\$ 1,484,204	\$ 2,198,600
*Inventories	24,291,403	16,150,154
Other curr. assets	1,500,716	1,169,111
Current Assets	\$ 27,276,323	\$ 19,517,865
*Fixed assets	6,014,934	4,067,278
Leaseholds	4,459,526	5,006,774
Other assets	403,286	133,626
Intangibles	508,915	527,975
Total Assets	\$ 38,662,984	\$ 29,253,518

Liabilities

Accts. payable	\$ 8,059,777	\$ 4,761,075
Accrued rev.	631,886	537,012
Other accruals	2,369,623	1,603,662
Income taxes	—	1,031,856
Curr. Liabilities	\$ 11,061,286	\$ 7,933,605

Long-term debt	10,700,000	6,700,000
Deferred inc. taxes	484,503	240,165
Other liabilities	661,964	284,387
+ Common stock	51,346	50,886
Add. paid-in capital	10,783,027	10,374,567
Retained earnings	6,419,358	5,168,408
Treasury stock	(1,498,500)	(1,498,500)

Total Liabilities & Shareholders' Equity	\$ 38,662,984	\$ 29,253,518
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* At lower of cost (FIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$0.01 per value.

Statistical Summary

%Income bef. Taxes to Sales	2.06	5.06
%Net Income to Sales	1.04	2.97
%Net Income to Equity	7.94	17.88
Sales to Inventories	4.95	5.26
Debt to Equity	0.68	0.48
Working Capital	\$16,215,037	\$11,584,260
Current Ratio	2.47	2.46
Shareholders' Equity	\$15,755,231	\$14,095,361

Sunshine-Jr. Stores, Inc.

P.O. Box 2498
Panama City, Florida 32402
(904) 769-1661

Officers: Leona J. Lewis, chairman; Lana Jane Lewis-Brent, vice chairman, president & chief executive officer; John Eaves, v.p.-finance & accounting & chief financial officer; Harold Millis, v.p.-real estate, construction & maintenance; James Burkhalter, v.p.-gasoline marketing; Ralph Stephens, dir. of purchasing & distribution; Thomas Storde, personnel mgr.; Patti Woodham, asst. to president/corp. communications; Ralph W. Lake v.p.-retail operations; Dwan Ramsey, controller.

Directors: Leona J. Lewis, Lana Jane Lewis-Brent, Buford F. Ennis, Roberta Fox, Harold C. Pope, Wilbur Brewton.

Business Activities: Owns and operates supermarkets and convenience stores offering self-service gasoline. Units are located in Florida, Alabama, Georgia, Mississippi, and Louisiana.

Divisions:

Jr. Food Store Division
June Avenue & 17th Street
Panama City, Florida 32401
(904) 769-1661

Sunshine Supermarket Division
June Avenue & 17th Street
Panama City, Florida 32401
(904) 769-1661

Transfer Agent(s):

Mercantile Trust Company, N.A.
St. Louis, Missouri 63166

Stock Exchange(s): American

Ticker Symbol: SJ5

Number of Stores: (at fiscal year end)

1986	330	1983	352
1985	340	1982	365
1984	342		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 165,871,175	\$ 2,889,350
1985	183,087,562	2,497,098
1984	181,891,524	2,218,687
1983	169,272,584	1,817,617
1982	172,322,216	1,781,942

No. of Com. Shares ‡

1986	1,701,650	\$ 1.70
1985	1,701,650	1.47

1984	1,701,650	1.30
1983	1,701,650	1.07
1982	1,701,650	1.05

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Convenience stores	\$ 152,000,000	\$ 165,700,000
Supermarkets	14,000,000	17,300,000
Total	\$ 166,000,000	\$ 183,000,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.48	—	—
1985	0.48	—	—
1984	0.48	—	—
1983	0.48	—	—
1982	0.48	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 23,043,169	\$ 13.54
1985	20,970,611	12.32
1984	19,290,305	11.34
1983	17,888,410	10.51
1982	16,887,585	9.92

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 165,871,175	\$ 183,087,562
Cost of sales	124,173,226	143,853,035
Expenses	37,768,311	35,920,179
Other income	(1,599,822)	(1,134,378)
Income before taxes	\$ 5,529,460	\$ 4,448,726
Income taxes	2,640,110	1,951,628
Net Income	\$ 2,889,350	\$ 2,497,098

* Included in Costs and Expenses, Depreciation and Amortization: \$2,965,013 in 1986 and \$2,449,097 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 1,713,922	\$ 2,538,768
Accts. receiv., net	483,825	499,701
*Inventories	8,484,766	10,855,834
Prepaid expenses	81,747	287,050
Deferred inc. tax benefits	610,136	303,251
Current Assets	\$ 11,374,396	\$ 14,484,604
*Fixed assets	32,994,100	25,668,423
Other assets	555,980	490,036
Total Assets	\$ 44,924,476	\$ 40,643,063

Liabilities

Long-term debt, curr.	\$ 145,583	\$ 990,703
Accts. payable	9,186,652	8,492,404
Accrued payroll	736,975	732,867
Income taxes	363,431	41,306
Local taxes	593,114	579,841
Curr. Liabilities	\$ 11,025,755	\$ 10,837,121
Deferred credits	2,026,963	1,586,008
Long-term debt	8,828,589	7,249,323
+ Common stock	170,165	170,165
Add. paid-in capital	5,124,245	5,124,245
Retained earnings	17,748,759	15,676,201

Total Liabilities & Shareholders' Equity	\$ 44,924,476	\$ 40,643,063
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* At lower of cost (LIFO) or market.

‡ Less accumulated depreciation and amortization.

+ \$0.10 per value.

Sunshine-Jr. Stores, Inc.

Statistical Summary

%Income bef. Taxes to Sales	3.33	2.43
%Net Income to Sales	1.74	1.36
%Net Income to Equity	12.54	11.91
Sales to Inventories	19.55	16.87
Debt to Equity	0.38	0.39
Working Capital	\$ 348,641	\$ 3,647,483
Current Ratio	1.03	1.34
Shareholders' Equity	\$23,043,169	\$20,970,611

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.20	—	—
1986	0.19	—	—
1985	0.16	—	—

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 33,406,000	\$ 6.63
1986	30,611,000	6.08
1985	28,358,000	5.63
1984	23,986,000	5.41
1983	10,558,000	2.48

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account * (000's)

Year ended	2/28/87	3/1/86
Net sales	\$ 602,554	\$ 602,464
Cost of sales	508,132	514,318
Expenses	82,657	78,694
Interest expense	4,246	4,457
Eq. in earn. of joint venture	(20)	(261)
Income before taxes	\$ 7,539	\$ 5,256
Income taxes	3,736	2,046
Net Income	\$ 3,803	\$ 3,210

* Included in Costs and Expenses, Depreciation and Amortization: \$6,927,000 in 1987 and \$6,512,000 in 1986.

Assets (000's)

As of	2/28/87	3/1/86
Cash	\$ 1,766	\$ 1,990
Accts. receiv., net	12,563	11,068
*Inventories	41,715	39,145
Prepaid expenses	2,295	2,176
Current Assets	\$ 58,339	\$ 54,379
Investment in joint venture	—	2,568
#Fixed assets	43,118	42,996
Notes receivable	1,481	1,222
Other assets	1,039	842
Intangibles	9,894	10,915
Total Assets	\$ 113,871	\$ 112,922

Liabilities (000's)

Short-term debt	\$ 8,000	\$ 9,000
Long-term debt & cap. lease oblig., curr.	7,937	4,641
Accts. payable	28,094	27,985
Accruals	4,368	3,875
Income taxes	(1,062)	(2,265)
Curr. Liabilities	\$ 47,337	\$ 43,236
Long-term debt	25,656	33,044
Cap. lease oblig.	4,487	4,634
Deferred inc. taxes	2,985	1,397
+ Common stock	252	252
Add. paid-in capital	9,438	9,438
Retained earnings	23,716	20,921
Total Liabilities & Shareholders' Equity	\$ 113,871	\$ 112,922

* At lower of cost (principally FIFO) or market.
Less accumulated depreciation and amortization.
+ \$0.05 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.25	0.87
%Net Income to Sales	0.63	0.53

%Net Income to Equity	11.38	10.49
Sales to Inventories	14.44	15.39
Debt to Equity	1.38	1.68
Working Capital	\$11,002,000	\$11,143,000
Current Ratio	1.23	1.26
Shareholders' Equity	\$33,406,000	\$30,611,000

Super Valu Stores, Inc.

P.O. Box 990
Minneapolis, Minnesota 55440
(612) 828-4000

Officers: Michael W. Wright, chairman, president & chief executive officer; John E. Morrissey, sr. v.p.-distribution; John B. Ferris, sr. v.p.-finance; Thomas L. Dekko, v.p.-sales; J. Gary Rhymes, v.p. & controller; Ronald C. Tortelli, v.p.-human resources; Sumner H. Goldman, exec. v.p.; Lloyd Steinbeck, v.p.-store engineering; Gene D. Hoffman, sr. v.p.-corp. strategic developments & acquisitions; John J. Prior, v.p.-labor relations; Robert O. Erickson, v.p.-market development; Phillip A. Dabill, Laurence L. Anderson, v.p.'s & regional presidents-Retail Support Companies; Michael L. Mulligan, v.p.-communications; Jeffrey Noddle, v.p.-merchandising; H.S. Smith, III, v.p.-info. services; David A. Cairns, treasurer; William C. Hunt, v.p., legal general counsel; William J. Tyrrell, sr. v.p. & pres.-ShopKo Stores; James A. Strom, secretary.

Directors: James T. Wyman, John E. Morrissey, Michael W. Wright, Arnold R. Weber, Harriet Perlmutter, Vernon H. Heath, Steven I. D'Agostino, Richard D. McCormick, Garnett L. Keith, C. James McNutt, William E.C. Dearden, Edwin C. Gage, Sumner H. Goldman.

Business Activities: Engaged principally in the supplying and servicing of over 3,000 retail food stores in 32 states from 18 distribution centers. Independent retailers own and operate more than 2,900 of the retail food stores and the Company owns all or a majority interest of the remaining 105 stores. Most of the stores operate under one of the Super Valu licensed or sub-licensed names: Super Valu, IGA, Sure Save, Shop 'n Save, Great Scot, County Market, Cub Foods, Hornbachers, U-Save, Disco, Super Dollar, Sunflower, Banner and Mr. Food Giant. The Company also owns and operates the ShopKo group of 65 general merchandise discount stores. Other operations include Preferred Products, a food processing and packaging operation; Planmark, which provides engineering and architectural services for supermarkets, retail stores, shopping centers and wholesale distribution facilities; Studio 70, an interior design studio; and Risk Planners, Inc., an insurance agency.

Divisions and Subsidiaries:

Bismarck Division
707 Airport Road
Bismarck, North Dakota 58501
(701) 222-5600

Des Moines Division
3900 N.W. 106th Street
Des Moines, Iowa 50322
(515) 278-0211

Ryans Division
1629 King Avenue West
Billings, Montana 59107

Green Bay Division
451 Joannes Avenue
Green Bay, Wisconsin 54304

Fargo Division
3501 12th Avenue North
Fargo, North Dakota 58102

Ohio Valley Division
1003 Bellbrook Avenue
Xenia, Ohio 45385
(513) 376-9441

ShopKo Stores, Inc.
2800 South Ashland
Green Bay, Wisconsin 54303
(414) 497-2211

Super Rite Foods, Inc.

(Rite Aid Corporation has a 46.8% interest in the Company.)

1900 Industrial Road
P.O. Box 2261
Harrisburg, Pennsylvania 17105
(717) 232-6821

Officers: Alex Grass, chairman of the board & chief executive officer; Peter Vanderveen, president & chief operating officer; David Gundling, executive v.p.; Roger Grass, treasurer; William K. Schantzenbach, v.p.-finance & chief financial officer; Robert Anderson, v.p.-purchasing; Edward Dougherty, v.p.-sales; Albert Faccin, v.p.-human resources; John Harrison, v.p. & controller; Wilbur Shirey, v.p.-distribution; Raymond Torphy, v.p.-security; I. Lawrence Gelman, secretary.

Directors: Alex Grass, chairman of the board; Abraham Allen, Roger Grass, Morris Levinson, Neil Norry, Peter Vanderveen.

Business Activities: Operates 37 supermarkets in Maryland and Virginia under the names Food-A-Rama, Super Super, Basics, and Basics and More. Also has wholesale grocery operations.

Transfer Agent(s):

Morgan Guaranty Trust Company of New York
New York, New York 10015

Registrar and Transfer Co.

Jersey City, New Jersey 07302

Stock Exchange(s):

Over-the-Counter

Ticker Symbol:

SRFI (NASDAQ)

Number of Stores: (at fiscal year end)

1987	37	1986	45
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Sales and Earnings

	Net Sales	Net Income
1987	\$ 602,554,000	\$ 3,803,000
1986	602,464,000	3,210,000
1985	375,609,000	5,178,000
1984*	286,832,000	3,959,000
1983	246,144,000	2,761,000
	No. of Com. Shares ‡	Earn. per Share ‡
1987	5,037,500	\$ 0.75
1986	5,037,500	0.64
1985	5,037,500	1.03
1984*	4,431,000	0.89
1983	4,250,000	0.65

* 53 weeks.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1986	1985
Wholesale grocery	\$ 463,881	\$ 370,477
Retail grocery	312,542	342,729
Intersegment sales	(173,869)	(110,742)
Total	\$ 602,554	\$ 602,464

Supermarkets General Corporation

Preferred Products, Inc.
312 Lake Hazeltine Drive
Chaska, Minnesota 55318
(612) 448-5252

Minneapolis Division
101 Jefferson Avenue South
Hopkins, Minnesota 55343
(612) 932-4444

Charley Brothers Company
P.O. Box 700
Greensburg, Pennsylvania 15601
(412) 837-6000

Planmark, Inc.
11840 Valley View Road
Eden Prairie, Minnesota 55344

Risk Planners, Inc.
11840 Valley View Road
Eden Prairie, Minnesota 55344

Seadco 70
11840 Valley View Road
Eden Prairie, Minnesota 55344

Annisson Division
Roberts Drive, Industrial Park
Anniston, Alabama 36201
(205) 831-1840

Food Marketing Corporation
4815 Executive Boulevard
Interstate Industrial Park
Fort Wayne, Indiana 46801
(219) 483-2146

J.M. Jones Company
2611 N. Lincoln Avenue
Urbana, Illinois 61801
(217) 384-2800

The Lewis Grocer Co.
Highway 49 South
Indianola, Mississippi 38751
(601) 887-3211

Cub Food Stores
127 Water Street
Stillwater, Minnesota 55082

Albuquerque Division
5600 Second Street
Albuquerque, New Mexico 87107

Denver Division
1983 Tower Road
Aurora, Colorado 80011

Atlanta Division
600 Selig Drive SW
Atlanta, Georgia 30336

West Coast Grocery
495 East 19th Street
Tacoma, Washington, 98421

Acquisition(s):
Food Giant, Inc.
Atlanta, Georgia
Supermarket chain currently operating 35 stores.

Transfer Agent(s):
First Trust Company, Inc.
Stock Transfer Department
P.O. Box 64008
St. Paul, Minnesota 55164

Morgan Shareholder Services Trust Company
Stock Transfer Department
30 West Broadway
New York, New York 10015

Stock Exchange(s): New York

Ticker Symbol: SVU

Number of Stores: (at fiscal year end)

	Food Stores	Dept. Stores	Apparel Stores
1987	107	65	—
1986	71	59	—

1985	60	49	—
1984	79	39	—
1983	111	36	265

Sales and Earnings

	Net Sales +	Net Income
2/28/87*	\$9,065,819,000	\$ 89,301,000
2/22/86	7,905,016,000	91,247,000
2/23/85	6,547,680,000	107,212,000
2/25/84	5,727,565,000	76,732,000
2/26/83	5,005,040,000	68,031,000

No. of Com. Shares ‡

Earn. per Share #

2/28/87*	74,547,967	\$ 1.20
2/22/86	74,283,789	1.23
2/23/85	74,079,844	1.45
2/25/84	73,885,750	1.04
2/26/83	73,684,382	0.93

* 53 weeks.
+ Of continuing operations only.
Based on the weighted average number of shares outstanding adjusted to reflect stock split.
‡ Adjusted to reflect stock split.

Revenue By Line of Business

	1987 (000's)	%	1986 (000's)	%
Wholesale food	\$7,747,031	85.5%	\$6,836,619	86.5%
Retail food	1,353,393	14.9	1,001,799	12.7
Retail gen. merch. oper.	915,403	10.1	754,443	9.5
Eliminations	(950,008)	(10.5)	(687,845)	(8.7)
Total	\$9,065,819	100.0%	\$7,905,016	100.0%

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
2/28/87	\$0.41	—	—
2/22/86	0.37	—	2-for-1
2/23/85	0.33	—	—
2/25/84	0.2925	—	—
2/26/83	0.27	—	—

Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share #
2/28/87	\$ 596,215,000	\$ 8.60
2/22/86	534,830,000	7.20
2/23/85	469,170,900	6.33
2/25/84	384,671,000	5.21
2/26/83	327,924,000	4.45

Adjusted to reflect stock split.

Income Account *

Year ended	2/28/87 (53 weeks)	2/22/86
Net sales	\$ 9,065,819	\$ 7,905,016
Cost of sales	8,243,368	7,239,379
Expenses	597,511	459,257
Interest & other	35,743	22,895
debt expense	4,052	15,807
Loss from closing	3,785	—
Minority interest	—	—
Income before taxes	\$ 188,930	\$ 167,678
Income taxes	99,629	75,729
Loss of unconsolid. subid.	—	702
Net Income	\$ 89,301	\$ 91,247

* Included in Costs and Expenses, Depreciation and Amortization: \$86,215,000 in 1987 and \$72,769,000 in 1986.

Assets (000's)

As of	2/28/87	2/22/86
Cash	\$ 3,432	\$ 1,043
Receiv., net	163,026	148,541
*Inventories	650,741	576,541
Supplies & prepaid expenses	15,556	22,446
Deferred inc. tax benefits	14,701	8,955
Invest. in dir. fin. leases	7,109	6,626
Current Assets	\$ 854,565	\$ 764,152
Long-term notes receiv.	25,748	31,426
Investments & advances	80,932	77,873
*Fixed assets	797,297	654,982
Other assets & defer. charges	39,345	27,018
Total Assets	\$ 1,797,887	\$ 1,555,451

Liabilities (000's)

Long-term debt, curr.	\$ 5,515	\$ 13,897
Capital lease oblig., curr.	11,996	11,660
Accts. payable	442,236	383,910
Notes payable	124,978	12,844
Checks outstanding	38,875	58,270
Accrued compensation	36,118	30,454
Accrued interest	7,807	4,917
Retire. plan contrib.	21,683	17,337
Dividends payable	7,827	7,057
Income taxes	15,421	—
Other taxes	29,741	23,303
Curr. Liabilities	\$ 742,197	\$ 563,649
Long-term debt	295,139	302,684
Oblig. under capital leases	134,021	126,725
Def. inc. taxes	26,722	26,596
Other liabilities	3,592	967
+ Common stock	74,548	74,284
Add. paid-in capital	3,524	1,192
Retained earnings	518,144	459,354
Total Liabilities & Shareholders' Equity	\$ 1,797,887	\$ 1,555,451

* At lower of cost (majority at LIFO; remainder at FIFO) or market.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.08	2.12
%Net Income to Sales	0.99	1.15
%Net Income to Equity	14.98	17.06
Sales to Inventories	13.93	53.22
Debt to Equity	0.75	0.85
Working Capital	\$112,368,000	\$200,503,000
Current Ratio	1.15	1.36
Shareholders' Equity	\$596,216,000	\$534,830,000

Supermarkets General Corporation

200 Milk Street
Carteret, New Jersey 07008
(201) 499-3000

Officers: Leonard Lieberman, chairman, president & chief exec. officer; James D. Dougherty, exec. v.p., secretary & general counsel; Murray Levine, sr. v.p. & controller; Jerome Katcher, v.p.-technical services; Arnold J. Pearl, v.p.-real estate & store development; Jeffrey C. Girard, v.p. & treasurer; Maureen McGuire, v.p.-human resources & organizational planning.

Directors: Alex Aidekman, Leonard Lieberman, Raymond J. Peteren, James D. Dougherty, Harvey M. Krueger, Fred R.

Supermarkets General Corporation

Sullivan, Claudine Malone, Robert I. Smith, Alan Sagner, Robert Marks, Josh S. Weston, Eugene M. Feinblatt, Jack Futerman, Kenneth Peskin.

Business Activities: Operates a chain of supermarkets under the Pathmark name in New York, New Jersey, Connecticut, Delaware and Pennsylvania; supermarkets and super warehouse stores under the names Purity Supreme, Heartland and Angelo's in Massachusetts, New Hampshire and Connecticut; conventional and deep discount drug stores in New York, Massachusetts, New Hampshire, Connecticut, Maryland, Virginia and New Jersey under the Pathmark, Heartland, and Pharmacy names; Rickett Home Centers in Delaware, Connecticut, Maryland, New Jersey, New York, Rhode Island and Pennsylvania selling such items as lumber, plumbing fixtures, garden tools and supplies and other household items.

Divisions:

Pathmark Division
Rickett Division
Drug Store Merch. Division
Purity Supreme Division

Transfer Agent(s):

The Bank of New York
New York, New York

Stock Exchange(s): New York

Ticker Symbol: SGL

Number of Stores: (at fiscal year end)

	Supermarkets	Drug Stores & Depts.
1986	200	191
1985	181	181
1984	175	166
1983	130	131
1982	121	119

	Dept. Home Centers	Specialty Stores
1986	45	—
1985	42	28
1984	40	29
1983	36	33
1982	34	37

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	\$ 5,507,937	\$ 60,865
1985	4,960,045	63,712
1984*	4,164,198	52,424
1983	3,324,171	40,674
1982	3,061,461	37,693
	No. of Com. Shares #	Earn. per Share #
1986	38,071,000	\$ 1.68
1985	35,830,000	1.78
1984*	35,565,000	1.48
1983	35,408,000	1.15
1982	34,407,000	1.10

* 53 weeks.

+ Of continuing operations only.

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Revenues By Line of Business

	1986 (000's)	%	1985 (000's)	%
Supermarkets	\$5,091,900	92%	\$4,575,200	92%
Home centers	416,000	8	384,800	8
Total	\$5,507,900	100%	\$4,960,000	100%

Common Stock

	Cash Dividend #	Stock Dividend	Stock Split
1986	\$0.27	—	2-for-1
1985	0.23	—	—

1984	0.21	—	—
1983	0.19	—	2-for-1
1982	0.17	—	—

Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share #
1986	\$ 465,791,000	\$ 12.07
1985	346,981,000	9.63
1984	287,410,000	8.07
1983	241,595,000	6.81
1982	206,191,000	5.85

Adjusted to reflect stock splits.

Income Account (000's)

Year ended	1/31/87	2/1/86
Net sales	\$ 5,507,937	\$ 4,960,045
Cost of sales	4,236,144	3,829,971
Expenses	1,048,006	927,005
Depreciation & amortization	76,136	65,625
Interest expense	21,742	22,629
Income before taxes	\$ 125,909	\$ 114,815
Income taxes	63,200	52,983
Inc.-cont. oper.	\$ 62,709	\$ 61,832
Inc. (loss)-discont. oper.	(1,844)	1,880
Net Income	\$ 60,865	\$ 63,712

Assets (000's)

As of	1/31/87	2/1/86
Cash	\$ 38,029	\$ 17,411
Accts. receiv., net	9,729	28,870
Other curr. assets	51,301	46,809
*Inventories	413,384	399,255
Current Assets	\$ 512,443	\$ 492,345
#Fixed assets	633,702	584,770
Other assets	26,908	26,726
Total Assets	\$ 1,173,053	\$ 1,103,841

Liabilities (000's)

Long-term debt, curr.	\$ 3,817	\$ 12,059
Cap. lease oblig., curr.	6,427	6,667
Accts. payable	271,340	277,568
Accruals & other liabilities	79,054	71,367
Accrued payroll	59,636	56,911
Fed. inc. taxes	10,112	7,015
Curr. Liabilities	\$ 430,386	\$ 431,587
Long-term debt	60,319	121,972
Oblig. under cap. leases	138,812	134,278
Other liabilities	77,745	69,023
+ Common stock	38,575	18,021
Add. paid-in capital	54,002	6,209
Retained earnings	373,214	322,751
Total Liabilities & Shareholders' Equity	\$ 1,173,053	\$ 1,103,841

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Net Income to Equity	13.07	18.36
Sales to Inventories	13.32	12.42
Debt to Equity	0.45	0.79
Working Capital	\$ 82,057,000	\$ 60,758,000
Current Ratio	1.19	1.14
Shareholders' Equity	\$465,791,000	\$346,981,000

Syms Corp.

300 Chubb Avenue
Lyndhurst, New Jersey 07071
(201) 935-7501

Officers: Sy Syms Merns, chairman of the board & chief executive officer; Marcy Syms Merns, president & chief operating officer; Richard B. Diamond, v.p.-finance & treasurer; Irwin Shievel, v.p.-operations; Norman Fately, Gregory, Diamond, v.p.-merchandise; Ira Weiner, Charles Kooper-smith, v.p.-men's wear; Alan Kilman, Margot Bersin, v.p.-women's wear; Abraham Oliver, v.p.-imports; Timothy Pranechke, v.p.-human resources; Stephen Merns, v.p. & Secretary; Robert Merns, v.p.; Richard Merns, v.p.-real estate.

Directors: Sy Syms Merns, chairman of the board; Marcy Syms Merns, Richard B. Diamond, Wilber L. Ross, Jr., J. Sissone Imberman, Lawrence Lachman.

Business Activities: Operates 15 retail stores which sell off-price apparel for men, women and children. Stores are located in New York, New Jersey, Massachusetts, Pennsylvania, Virginia, Maryland, Florida and Illinois.

Subsidiaries:

Syms Advertising Inc.
Syms Inc.

Transfer Agent(s):

American Stock Transfer Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: SYM

Number of Stores: (at fiscal year end)

1985 15

Sales and Earnings

	Net Sales	Net Income
1985	\$ 215,168,000	\$ 12,715,000
1984	204,251,000	12,712,000
1983	179,231,000	10,341,000
1982	147,181,000	7,471,000
1981	112,801,000	5,654,000
	No. of Com. Shares	Earn. per Share #
1985	17,650,000	\$ 0.72
1984	17,650,000	0.72
1983	17,650,000	0.59
1982	17,650,000	0.42
1981	17,650,000	0.32

Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1985	\$ 66,258,000	\$ 3.75
1984	53,543,000	3.15
1983	40,831,000	2.31
1982	30,490,000	1.73
1981	23,019,000	1.30

Income Account * (000's)

Year ended	1985	1984
Dec. 31		
Net sales	\$ 215,168	\$ 204,251
Cost of sales	150,123	141,741
Expenses	38,958	26,266
Interest expense (income)	(316)	52
Income before taxes	\$ 26,403	\$ 26,192
Income taxes	13,688	13,480
Net Income	\$ 12,715	\$ 12,712

* Included in Costs and Expenses, Depreciation and Amortization: \$2,250,000 in 1985 and \$1,637,000 in 1984.

	Assets (000's)	
As of Dec. 31	1985	1984
Cash	\$ 10,170	\$ 3,946
Accts. receiv., net	1,622	1,015
*Inventories	34,764	39,134
Prepaid expenses	592	479
Prepaid inc. taxes	1,985	1,812
Current Assets	\$ 49,133	\$ 46,386
†Fixed assets	30,455	26,903
Other assets	2,354	2,220
Total Assets	\$ 81,942	\$ 75,509

	Liabilities (000's)	
Long-term debt, curr.	\$ 373	\$ 398
Cap. lease oblig., curr.	56	132
Accts. payable	2,946	8,795
Accruals	2,687	3,195
Oblig. to cust.	1,550	1,445
Due to principal shareholder	125	—
Income taxes	329	434
Curr. Liabilities	\$ 8,066	\$ 14,399
Long-term debt	3,734	4,107
Cap. lease oblig.	2,403	2,459
Deferred inc. taxes	1,481	1,001
+ Common stock	883	883
Add. paid-in capital	11,339	11,339
Retained earnings	54,036	41,321
Total Liabilities & Shareholders' Equity	\$ 81,942	\$ 75,509

* At lower of cost (FIFO) or market.
† Less accumulated depreciation and amortization.
+ \$0.05 per value.

Statistical Summary		
%Income bef. Taxes	12.27	12.82
to Sales	5.91	6.22
%Net Income to Sales	19.19	23.74
Sales to Inventories	6.19	5.22
Debt to Equity	0.10	0.13
Working Capital	\$41,067,000	\$31,987,000
Current Ratio	6.09	3.22
Shareholders' Equity	\$66,258,000	\$53,543,000

Tandy Brands, Inc.

550 Bailey, Suite 400
Fort Worth, Texas 76107
(817) 334-8200

Officers: Carson R. Thompson, chairman of the board, president & chief executive officer; Britt Jenkins, exec. v.p.-mfg.; Robert Nourse, exec. v.p.-specialty retail; Harold C. DeHart, v.p. and treasurer; Michael J. Veitenheimer, secretary & gen. counsel; Bobby Joe Smith, asst. treasurer & controller.

Directors: Carson R. Thompson, chairman; John A. Wilson, Jesse Upchurch, Clayton E. Niles, Edmund H. Damon, Robert Runice, Roger Stern, Loretta Blum.

Business Activities: Operates principally in two segments: Leather Manufacturing and Specialty Retailing. Leather Manufacturing comprises the manufacture of fine leather accessories. Specialty retailing comprises fireplaces, fireplace accessories and related home improvement products, and antique English and American furniture reproductions and related accessories.

Divisions:

T.A.B. Accessories
Manufacturers and wholesalers of men's and boys' accessories.

Grate Home & Fireplace Shoppes

A chain of 30 stores in the Midwest and Southwest specializing in the retail selling of fireplaces, fireplace accessories, and related home improvement products.

The Bombay Company

A chain of 95 stores operating in the U.S. and Canada, specializing in selling antique English furniture reproductions and related home improvement products.

Transfer Agent(s):

InterFirst Bank Fort Worth, N.A.
Fort Worth, Texas

Stock Exchange(s): American

Ticker Symbol: TAB

Number of Stores: (at fiscal year end)

1986	126	1983	100
1985	85	1982	110
1984	N.A.		

N.A. - Not Available.

Sales and Earnings

	Net Sales +	Net Income ‡
1986	\$ 62,607,000	\$ (484,000)
1985	52,647,000	3,331,000
1984	61,573,000	(13,067,000)
1983	63,033,000	(5,499,000)
1982	69,928,000	594,000

	No. of Com. Shares	Earn. per Share ‡‡
1986	2,509,810	\$ —
1985	2,411,018	1.41
1984	2,293,159	—
1983	2,224,097	—
1982	2,154,409	0.26

(Loss)

+ Of continuing operations only.

‡ Including extraordinary gains of \$294,000 in 1986, \$1,544,000 (\$0.65 per share) in 1985 and \$370,000 (\$0.17 per share) in 1982.

‡‡ Based on the weighted average number of common shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	0.151	—	—
1982	0.300	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 15,167,000	\$ 6.04
1985	14,868,000	6.17
1984	10,673,000	4.65
1983	22,855,000	10.28
1982	27,823,000	12.91

Income Account

	(000's)	
Year ended June 30	1986	1985
Net sales	\$ 62,607	\$ 52,647
Interest, royalty & other income	234	170
Total income	\$ 62,841	\$ 52,817
Cost of sales	31,083	26,545
Expenses	28,083	22,741
Depreciation & amortization	1,672	1,311
Interest expense	832	1,062
Adjust. on dispos. of Western World div.	—	(2,192)
Loss on disposal of Tex Tax Western	883	—

Income (loss) bef. taxes	\$ (480)	\$ 3,350
Income taxes	298	1,563
Net Income (Loss)	\$ (778)	\$ 1,787
Extraord. gain	294	1,544

Net Income (Loss) & extraord. gain	\$ (484)	\$ 3,331
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	Assets (000's)	
As of June 30	1986	1985
Cash	\$ 228	\$ 31
Accts. receiv., net	2,688	4,188
*Inventories	13,705	13,195
Other current assets	630	475
Current Assets	\$ 17,251	\$ 17,889
†Fixed assets	9,434	7,082
Other assets & intangibles	3,740	3,383
Total Assets	\$ 30,425	\$ 28,354

	Liabilities (000's)	
Notes payable & long-term debt, curr.	\$ 3,610	\$ 3,651
Accts. payable	1,520	1,219
Accrued payroll	2,096	1,142
Accrued expenses	3,661	3,317
Curr. Liabilities	\$ 10,887	\$ 9,329
Long-term debt	603	137
Other liabilities	1,278	1,530
Subordinated debent.	2,490	2,490
+ Common stock	2,726	2,726
Add. paid-in capital	17,876	17,668
Ret. earnings (deficit)	(3,898)	(3,414)
For. curr. trans.	(190)	(149)
Treasury stock	(1,347)	(1,963)
Total Liabilities & Shareholders' Equity	\$ 30,425	\$ 28,354

* At lower of cost (average) or market.
† Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

%Net Income to Equity	—	12.02
Sales to Inventories	4.57	3.99
Debt to Equity	0.28	0.27
Working Capital	\$ 6,364,000	\$ 8,560,000
Current Ratio	1.58	1.92
Shareholders' Equity	\$15,167,000	\$14,868,000

Tandy Corporation

1800 One Tandy Center
Fort Worth, Texas 76102
(817) 390-3700

Officers: John V. Roach, chairman, president & chief executive officer; John McDaniel, senior v.p. & controller; Charles W. Tindall, Jr., senior v.p. & treasurer; Herschel C. Winn, sr. v.p. & secretary; John W. Burnam, v.p.; Donald L. Bock, asst. treasurer; Louis G. Neumann, asst. secretary.

Directors: John V. Roach*, chairman; William C. Conner, Lawrence E. Dempsey, William T. Smith, Alfred J. Stein, Jesse L. Upchurch*, John A. Wilson, Robert R. Lowdon*, G.R. Nugent*, Donald L. Bryant, Lewis F. Kornfeld, Jr., Thomas G. Plaskett, William E. Tucker.

* Member of the Executive Committee.

Business Activities: Operates Radio Shack stores, a consumer electronics chain with company stores, franchised stores and dealer stores located throughout the United States, Canada, Japan, Europe and Australia. Sales outlets in Europe and Australia operate under the name of Tandy International Electronics. Also operates chains of electronic retailers under the names Scott McDuff, Santa, and VideoConcepts. Tandy also manufactures consumer electronics products.

Tandy Corporation

Divisions and Subsidiaries:

Radio Shack Division
Radio Shack-Canada
Radio Shack-U.S. Retail Operations
Radio Shack-Business Products Division
Tandy International Electronics
Tandy International Electronics-Europe
Tandy International Electronics-U.K.
Tandy Trading International
Tandy Trading International-Australia
A&A International Trading Companies
Lika Corporation
Memtek Products
O'Sullivan Industries
Scott-McDuff Corporation
VideoConcepts

Transfer Agent(s):

First National Bank of Boston (common stock)
Boston, Massachusetts

Texas American Bank/Fort Worth N.A.
(common stock & debentures)
Fort Worth, Texas

Stock Exchange(s): New York

ticker Symbol: TAN

Number of Stores:

1986	9,485	1983	8,868
1985	9,348	1982	8,518
1984	9,018		

Sales and Earnings x

	Net Sales + (000's)	Net Income (000's)
1986	\$ 3,035,969	\$ 197,659
1985	2,595,695	189,060
1984	2,490,473	281,871
1983	2,241,434	278,521
1982	1,832,301	224,085

	No. of Com. Shares ‡	Earn. per Share ‡
1986	89,203,000	\$ 2.22
1985	89,490,000	2.11
1984	102,328,000	2.75
1983	104,335,000	2.67
1982	103,395,000	2.17

x Restated for pending spin-off of foreign retail operations.

+ Includes operating revenues; of continuing operations only.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$1,306,458,000	\$ 14.65
1985	1,063,454,000	11.88
1984	988,696,000	9.66
1983	1,120,872,000	10.74
1982	812,677,000	7.86

‡ Based on the weighted average number of shares and common share equivalents outstanding.

Income Account (000's)

Year ended June 30	1986	1985 ‡
Net sales & oper. rev.	\$ 3,035,969	\$ 2,595,695
Cost of sales	1,471,310	1,218,353
Expenses	1,077,707	939,274
Depreciation & amortization	55,388	46,720
Interest expense	44,550	46,107
Income before taxes	\$ 387,014	\$ 345,241
Income taxes	186,436	158,233
Eg. in loss (inc.) of opar. to be spun off	2,919	(2,052)
Net Income	197,659	189,060

‡ Restated.

Assets (000's)

As of June 30	1986	1985 ‡
Cash & short-term invest.	\$ 273,634	\$ 83,150
Accts. & notes receiv., net	116,166	98,429
*Inventories	982,881	1,026,879
Other assets	46,681	56,795
Current Assets	\$ 1,419,362	\$ 1,265,253
#Fixed assets	301,722	284,518
Assets of opar. to be spun-off	195,765	172,974
Other assets	161,256	152,927
Total Assets	\$ 2,078,105	\$ 1,875,672

Liabilities (000's)

	1986	1985
Notes payable	\$ 179,415	\$ 95,895
Subord. debentures called for redemp.	100,044	—
Accts. payable	96,309	86,208
Accruals	159,096	130,863
Income taxes payable (receiv.)	(22,533)	2,777
Current Liabilities	\$ 512,331	\$ 315,743
Notes payable	163,995	320,068
Subord. deb.	25,941	123,610
Other liabilities	24,785	14,177
Deferred inc. taxes	44,595	38,620
+ Common stock	95,645	95,645
Add. paid-in capital	87,645	76,830
Retained earnings	1,301,016	1,103,357
For. curr. trans.	(21,818)	(29,415)
Treasury stock	(156,030)	(182,963)
Total Liabilities & Shareholders' Equity	\$ 2,078,105	\$ 1,875,672

‡ Restated.

* At lower of cost (primarily average cost) or market.

Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.75	13.30
%Net Income to Sales	6.51	7.28
%Net Income to Equity	15.13	17.78
Debt to Equity	3.09	2.53
Working Capital	\$ 907,031,000	\$ 949,510,000
Current Ratio	2.77	4.01
Shareholders' Equity	\$1,306,458,000	\$1,063,454,000

framed prints through major retail chains and independent merchants nationwide.

Subsidiaries:

Casual Concepts, Inc.
Retail sales of the "Cargo" line of casual wood furniture through 40 company-owned stores.

Development Association, Inc.

Retail sale of Christian-oriented books, records and gifts through 17 Joshua Christian Stores.

Transfer Agent(s):

Texas American Bank Worth, N.A.
Fort Worth, Texas

Stock Exchange(s): New York

ticker Symbol: TAC

Number of Stores: (at fiscal year end)

1986	288	1983	321
1985	319	1982	313
1984	321		

Sales and Earnings

	Net Sales +	Net Income \$
1986	\$ 75,172,000	\$ 2,357,000
1985	72,678,000	2,528,000
1984	66,726,000	2,699,000
1983	61,112,000	2,727,000
1982	60,936,000	8,839,000

	No. of Com. Shares #	Earn. per Share #‡
1986	2,305,000	\$ 1.02
1985	2,342,000	1.08
1984	2,473,000	1.09
1983	2,552,000	1.07
1982	3,494,000	2.53

+ Of continuing operations only.

‡ Including extraordinary gain of \$6,100,000 (\$1.75 per share) in 1982.

Based on the weighted average number of common shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 40,630,000	\$ 17.84
1985	39,004,000	16.78
1984	36,534,000	15.71
1983	37,034,000	14.51
1982	34,357,000	13.47

Income Account (000's)

Year ended June 30	1986	1985
Net sales	\$ 75,172	\$ 72,678
Cost of sales	42,103	39,350
Expenses	28,530	29,514
Depreciation & amortization	1,331	1,184
Interest income	(930)	(1,490)
Income before taxes	\$ 4,138	\$ 4,120
Income taxes	1,781	1,592
Net Income	\$ 2,357	\$ 2,528

Assets (000's)

As of June 30	1986	1985
Cash	\$ 11,750	\$ 10,508
Accts. receiv., net	4,624	3,971
*Inventories	18,716	19,344
Other current assets	971	963
Current Assets	\$ 36,061	\$ 34,786
#Fixed assets	7,034	6,280
Other assets	475	867
Intangibles	2,404	2,411
Total Assets	\$ 45,974	\$ 44,344

Tandycrafts, Inc.

2727 W. Seventh St.
Fort Worth, Texas 76107
(817) 878-1200

Officers: William H. Michero, chairman of the board; Kenneth L. Gregson, president and chief executive officer; Michael J. Walsh, v.p. & secretary; C. Gary Crow, vice president and treasurer.

Directors: William H. Michero, George R. Nugent, Kenneth L. Gregson, Robert Schutts, Roger A. Dickinson, Joe K. Pace, R. E. Cox, III.

Divisions:

Tandy Leather Company

Production and sales of materials, kits and equipment used in leathercrafts through 221 company-owned retail and mail order stores in the United States and Canada.

The Magee Company

Production and marketing of wood and metal frames and

Liabilities (000's)			
Trade accts. payable	\$	1,639	\$ 1,842
Accts. payable & accruals		1,405	1,116
Accrued payroll		1,545	1,932
Income taxes		755	450
Curr. Liabilities	\$	5,344	\$ 5,340
+ Common stock		4,632	4,632
Add. paid-in capital		20,161	20,110
Retained earnings		44,303	41,946
Treasury stock		(28,466)	(27,684)
Total Liabilities & Shareholders' Equity	\$	45,974	\$ 44,344

* At lower of cost (average cost method) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary			
%Income bef. Taxes to Sales	5.50	5.67	
%Net Income to Sales	3.14	3.48	
%Net Income to Equity	5.80	6.48	
Sales to Inventories	4.02	3.76	
Working Capital	\$30,717,000	\$29,446,000	
Current Ratio	6.75	6.51	
Shareholders' Equity	\$40,630,000	\$39,004,000	

Thomaston Mills, Inc.

(formerly Thomaston Cotton Mills)

P.O. Box 311
Thomaston, Georgia 30286
(404) 647-6611

Officers: Neil H. Hightower, president & chief exec. officer; O.R. Lewis, sr. v.p.-director of sales; H. Stewart Davis, exec. v.p.-finishing; Harry W. Ormand, Jr., v.p.-finishing; W. Harrison Hightower III, v.p.-administration; John R. Carson, v.p.-household sales; John M. Ormand, v.p.-mfg.; Thomas J. Slade, Jr., v.p.-raw material purchases; George H. Hightower, Jr., exec. v.p.-industrial & fabrication sales; Garner M. Ellerbe, secretary; Rosser R. Raines, treasurer; Robert E.L. Greene, v.p.-engineering; Seth R. Sargent, v.p.-industrial relations.

Directors: Thomas D. Adams, Jr., Julian T. Hightower*, William H. Hightower, Jr., George H. Hightower*, George H. Hightower, Jr., H. Stewart Davis, Jerry Williamson, Will B. Plowden, Julian H. Roberts, Neil H. Hightower*, Dom H. Wyant.

* Member of the Executive Committee.

Business Activities: Produces and finishes apparel and industrial fabrics; manufactures sheets and shirts; also sells its products in a company-owned retail store.

Transfer Agent(s):

The Citizens and Southern National Bank
Stock Transfer Department
P.O. Box 105555
Atlanta, Georgia 30348

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1986	1	1983	5
1985	1	1982	5
1984	3		

Sales and Earnings			
	Net Sales	Net Income	
1986	\$ 139,062,869	\$ (1,046,636)	
1985	132,494,655	(161,938)	
1984	145,431,576	2,883,014	
1983	122,869,174	519,463	
1982*	119,682,845	971,597	

	No. of Com. Shares	Earn. per Share ‡
1986	821,489	\$ —
1985	821,489	—
1984	821,489	3.51
1983	821,489	0.63
1982*	821,489	1.18

(Loss)

* 53 weeks.

‡ Based on the weighted number of common shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.00	—	—
1985	1.00	—	—
1984	0.95	—	—
1983	0.80	—	—
1982	1.10	—	—

Common Stock Equity			
	Total Equity	Equity Per Share	
1986	\$ 46,520,676	\$ 56.63	
1985	48,388,801	58.90	
1984	49,372,228	60.10	
1983	47,269,629	57.54	
1982	47,407,357	57.71	

Income Account *			
Year ended	6/28/86	6/29/85	
Net sales	\$ 139,062,869	\$ 132,494,655	
Cost of sales	129,422,612	124,240,062	
Expenses	9,172,771	8,972,777	
Other income	(139,771)	(336,248)	
Gain on conversion	—	(865,334)	
Other charges	1,653,893	2,048,336	
Loss bef. taxes	\$ (1,046,636)	\$ (1,564,938)	
Tax credit	—	(1,403,000)	
Net Loss	\$ (1,046,636)	\$ (161,938)	

* Included in Costs and Expenses, Depreciation: \$7,237,888 in 1986 and \$6,712,989 in 1985.

Assets			
As of	6/28/86	6/29/85	
Cash	\$ 842,612	\$ 886,886	
Accts. receiv., net	23,576,924	22,414,680	
*Inventories	17,312,789	21,941,710	
Refundable income taxes	25,931	468,042	
Other assets	819,020	532,873	
Current Assets	\$ 42,577,276	\$ 46,244,191	
#Fixed Assets	32,195,309	30,491,230	
Total Assets	\$ 74,772,585	\$ 76,735,421	

Liabilities			
	6/28/86	6/29/85	
Accts. payable	\$ 5,556,614	\$ 3,322,934	
Local taxes	391,137	324,534	
Payroll taxes	831,694	803,271	
Other liabilities	1,669,229	1,619,484	
Accrued payroll	2,109,359	2,234,547	
Long-term debt, curr. portion	272,828	308,442	
Curr. Liabilities	\$ 10,830,861	\$ 8,613,212	
Equipment note payable	17,131,965	19,491,325	
Deferred inc. taxes	289,083	242,083	
+ Common stock	9,367,530	9,367,530	
Add paid-in capital	1,190,798	1,190,798	
Retained earnings	38,267,628	40,135,753	
Treasury stock	(2,305,280)	(2,305,280)	
Total Liabilities & Shareholders' Equity	\$ 74,772,585	\$ 76,735,421	

* Raw cotton polyester staple and cotton content of finished goods and work in process at cost (LIFO), which is lower than current replacement market. Other inventories at lower of average cost or market.

Less accumulated depreciation.

+ \$10 par value.

Statistical Summary

Sales to Inventories	8.03	6.04
Debt to Equity	0.49	0.41
Working Capital	\$31,746,415	\$37,630,979
Current Ratio	3.93	5.37
Shareholders' Equity	\$46,520,676	\$48,388,801

Three D Departments, Inc.

801 Silver Lane
East Hartford, Connecticut 06118
(203) 569-6720

Mailing address:

P.O. Box 1110
Hartford, Connecticut 06101

Officers: Bernard Abrams, chairman & chief executive officer; Donald L. Abrams, president; John B. Abrahms, sr. v.p. and asst. treasurer; David Kotkin, secretary; Shutsky, v.p.-adm. & finance; Abe Markowicz, v.p.-merchandising; Ronald Dow, controller; Robert C. Lee, v.p.-eastern operations; Ira Durlister, v.p.-western operations.

Directors: Bernard Abrams*, John B. Abrahms*, David Kotkin*, Abe Markowicz, Donald L. Abrams, Henry W. Nozko, Jr., Gerson K. Bernstein.

* Member of the Executive Committee.

Business Activities: The Company is engaged in the operation of 36 leased domestic departments in discount department stores and 28 specialty stores, which sell curtains and draperies, linens, towels, rugs, bedspreads, sheets and drapery hardware. The specialty stores operate under the name "Three D Bed & Bath."

Transfer Agent(s):

Manufacturers Hanover Trust Co.
New York, N.Y.

Stock Exchange(s): American

Ticker Symbol: TDD

Number of Outlets: (at fiscal year end)

1986	64	1983	78
1985	107	1982	84
1984	90		

Sales and Earnings			
	Net Sales ‡	Net Income	
1986	\$ 44,635,806	\$ 851,061	
1985*	59,559,198	928,590	
1984	51,796,620	1,419,011	
1983	50,724,198	2,004,702	
1982	48,649,635	1,817,680	

	No. of Com. Shares †	Earn. per Share +
1986	3,304,556	\$ 0.26
1985*	3,303,806	0.27
1984	3,434,530	0.41
1983	3,427,782	0.59
1982	3,354,868	0.52

* 53 weeks.

‡ Of continuing operations only.

† Adjusted to reflect stock splits.

+ Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock			
	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.16	—	—
1985	0.16	—	—
1984	0.16	—	2-for-1
1983	0.16	—	3-for-2
1982	0.16	—	—

+ Adjusted to reflect stock splits.

Three D Departments, Inc.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 14,532,879	\$ 4.40
1985	13,947,591	4.22
1984	13,845,295	4.03
1983	12,688,506	3.70
1982	10,866,185	3.24

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	8/2/86	8/3/85
Net sales	\$ 44,635,806	\$ 59,559,198
Cost of sales	26,526,894	36,907,171
Expenses	16,189,487	19,959,476
Interest expense	250,264	783,961
Income before taxes	\$ 1,669,161	\$ 1,908,590
Income taxes	818,100	980,000
Net Income	\$ 851,061	\$ 928,590

* Included in Costs and Expenses, Depreciation and Amortization: \$830,353 in 1986 and \$935,709 in 1985.

Assets

As of	8/2/86	8/3/85
Cash	\$ 943,221	\$ 908,744
Short term investments	1,800,000	—
Accts. receiv.	682,632	1,396,011
*Inventories	10,655,121	18,286,402
Prepaid expenses	553,398	580,635
Current Assets	\$ 14,634,372	\$ 21,171,792
#Fixed assets	3,172,225	4,235,128
Deferred costs of leases	402,009	203,676
Other assets	649,169	462,217
Total Assets	\$ 18,857,775	\$ 26,072,813

Liabilities

Note pay. to bank	\$ —	\$ 2,000,000
Accts. payable	3,202,429	4,890,053
Accruals	539,278	711,423
Income taxes	55,599	30,627
Curr. Liabilities	\$ 3,797,306	\$ 7,632,103
Long-term debt	—	4,000,000
Deferred compensation	200,000	200,000
Def. inc. taxes	327,590	293,119
+ Common stock:		
Class A	427,520	427,196
Class B	398,619	398,756
Add. paid-in capital	1,227,507	1,227,250
Retained earnings	12,478,833	11,894,389
Total Liabilities & Shareholders' Equity	\$ 18,857,775	\$ 26,072,813

* At lower of average cost (principally on the retail method) or market.

Less accumulated depreciation and amortization.

+ \$0.25 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.74	3.20
%Net Income to Sales	1.91	1.56
%Net Income to Equity	5.86	6.66
Sales to Inventories	4.19	3.26
Debt to Equity	—	0.43
Working Capital	\$10,837,066	\$13,539,689
Current Ratio	3.85	2.77
Shareholders' Equity	\$14,532,879	\$13,947,591

Officers: (Tiffany and Company) William R. Chaney, chairman & chief exec. officer; Thomas A. Andruskevich, sr. v.p.-finance & chief financial officer; Patrick Duchamp, sr. v.p.-int'l; John R. Loring, sr. v.p.-design; Brian Ohl, sr. v.p.-retail sales; Arlette Brisson, v.p.-public relations; Barry K. Dodson, v.p.-corporate; Patrick B. Dorsey, v.p.-gen. counsel & secretary; Michael Kowalski, v.p.-Merchandising Group II; Suzanne McMillan, v.p.-marketing; Peter C. Schneirla, v.p.-Merchandising Group I; Dale S. Strohl, v.p.-operations.

Directors: (Tiffany & Co.) William R. Chaney, chairman; Cem N. Cernig, Samuel L. Hayes, III, Charles K. Marquis, William A. Shutzer.

Business Activities: Parent company of Tiffany and Company, which retails, designs, manufactures and distributes fine jewelry, timepieces, sterling silverware, china, crystal, stationery, leather goods and scarves. Tiffany sells these products through its eight retail stores located in selected major cities across the U.S., and through selected independent retailers and direct marketing catalogs.

Subsidiary:

Tiffany and Company

Joint Venture:

Tiffany & Co. Limited
London, England
Operates an affiliated Tiffany's store.

Transfer Agent(s):

Manufacturers Hanover Trust Company
New York, New York

Stock Exchange(s): New York

Ticker Symbol: TIF

Number of Stores: (at fiscal year end)

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NOTE: Prior to Oct. 1, 1984, Tiffany and Company (The Predecessor) operated as a wholly-owned subsidiary of Avon Products, Inc. Effective Oct. 1, 1984, Tiffany & Co. (The Company) acquired all of the outstanding shares of the Predecessor (the acquisition).

Sales and Earnings

	Net Sales	Net Income ‡‡
1/31/76*†	\$ 123,049,000	\$ 8,556,000
6/30/86†	154,258,000	1,630,000
6/30/85 + †	111,453,000	(4,832,000)
9/30/84# ×	70,945,000	(5,713,000)
1/31/84 ×	124,433,000	984,000
	No. of Com. Shares ‡	Earn. per Share ‡‡
1/31/87*†	8,070,176	\$ 1.06
6/30/86†	6,724,709	0.25
6/30/85 + †	7,508,440	—

(Loss)

* 7 months.

+ 9 months.

8 months.

† Post-acquisition.

× Pre-acquisition.

‡‡ Including extraordinary gains of \$1,411,000 (\$0.17 per share) in 1987 and \$438,000 (\$0.07 per share) in 1986.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1/31/87	—	—	—
6/30/86	—	—	—
6/30/85	—	—	8-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1/31/87†	\$ 12,862,000	\$ 1.59
6/30/86†	4,319,000	0.64

6/30/85†	2,702,000	0.36
9/30/84 ×	48,461,000	—
1/31/84 ×	54,903,000	—

† Post-acquisition.

× Pre-acquisition.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Income Account *

Year ended	1/31/87 (7 months)	6/30/86
Net sales	\$ 123,049,158	\$ 154,257,677
Cost of sales	63,750,494	81,639,965
Expenses	39,392,299	59,481,810
Prov. for uncollectible accts.	952,640	1,328,847
Interest expense	4,974,717	10,199,388
Other expense (income)	44,694	(22,332)
Income before taxes	\$ 13,934,314	\$ 1,629,999
Income taxes	6,789,478	437,920
Net Income	\$ 7,144,836	\$ 1,192,079
Extraord. gain	1,411,478	437,920
Net Income & extraord. gain	\$ 8,556,314	\$ 1,629,999

* Included in Costs and Expenses, Depreciation and Amortization: \$1,412,192 in 1987 and \$860,182 in 1986.

Assets

As of	1/31/87	6/30/86
Cash	\$ 1,893,992	\$ 1,172,331
Accts. receiv., net	21,166,680	14,693,632
*Inventories	58,016,314	62,909,147
Prepaid expenses	4,413,214	3,903,121
Current Assets	\$ 85,490,200	\$ 82,678,231
#Fixed assets	11,208,545	11,210,370
Other assets	2,031,822	1,402,621
Total Assets	\$ 98,730,567	\$ 95,291,222

Liabilities

Long-term debt, curr.	\$ —	\$ 2,000,000
Accts. payable & accruals	23,975,266	23,019,429
Customer credits	5,006,947	4,909,336
Curr. Liabilities	\$ 28,982,213	\$ 29,928,765
Revolving credit loan	34,567,855	36,383,337
Subord. notes	15,000,000	23,000,000
Deferred inc. taxes	5,378,000	—
Other liabilities	1,940,411	1,659,679
+ Common stock	59,960	59,960
Add. paid-in capital	7,538,520	7,538,520
Retained earnings (deficit)	5,354,412	(3,201,902)
Treasury	(90,804)	(77,137)
Total Liabilities & Shareholders' Equity	\$ 98,730,567	\$ 95,291,222

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	11.32	1.06
%Net Income to Sales	5.81	0.77
%Net Income to Equity	55.55	27.60
Sales to Inventories	2.12	2.45
Debt to Equity	2.69	8.89
Working Capital	\$56,507,987	\$52,749,466
Current Ratio	2.95	2.76
Shareholders' Equity	\$12,862,088	\$ 4,319,441

Tiffany & Co.

727 Fifth Avenue
New York, New York 10022
(212) 755-8000

Tons of Toys, Inc.

Wareham Industrial Park
11 Kendrick Road
Wareham, Massachusetts 02571
(617) 295-2003

Officers: Bruno R. Ferretti, chairman, president & secretary;
David Scott, chief financial officer & treasurer.

Directors: Bruno R. Ferretti, chairman; David Scott, James
M. Hyman, Edward T. McPhee, Jr., Donald W. Lafler.

Business Activities: Operates six toy supermarkets in Mas-
sachusetts and Rhode Island.

Transfer Agent(s):
The First National Bank of Boston, N.A.
Boston, Massachusetts

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TONS (NASDAQ)

Number of Stores: (at fiscal year end)

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Sales and Earnings			
	Net Sales	Net Income †	
1987*	\$ 5,391,400	\$	202,168
1986	4,560,869		(418,677)
1985	4,332,718		(16,149)
1984	2,722,828		41,566
	No. of Com. Shares ‡	Earnings per Share ‡	
1987*	1,070,000	\$	0.19
1986	1,070,000		—
1985	1,070,000		—
1984	1,070,000		0.04

(Loss)

* 8 months.

† Including extraordinary gain of \$73,000 (\$0.07 per share) in
1987.

‡ Based on the weighted average number of common shares
and common share equivalents outstanding adjusted to reflect
capitalization.

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 76,982	\$ 0.07
1985	(326,776)	—
1984	91,901	0.09
1983	108,050	0.10

(Deficiency)

‡ Based on the weighted average number of common shares
and common share equivalents outstanding adjusted to reflect
capitalization.

Income Account *			
Year ended	1/31/87 † (8 months)	5/31/86	
Net sales	\$ 5,391,400	\$	4,560,869
Cost of sales	3,578,346		3,101,368
Occupancy expenses	1,222,945		1,383,684
Adm. & gen. expenses	276,433		391,367
Interest expense	90,508		103,127
Income (loss) bef. taxes	\$ 223,168	\$	(418,677)
Income taxes	94,000		—
Net Income (Loss)	\$ 129,168	\$	(418,677)
Extraord. gain	73,000		—
Net Income (Loss) & extraord. gain	\$ 202,168	\$	(418,677)

* Included in Costs and Expenses, Depreciation and Amortiza-
tion: \$27,215 in 1987 and \$45,607 in 1986.

† Unaudited.

Assets			
As of	1/31/87 †	5/31/86	
Cash	\$ 160,992	\$	54,013
*Inventories	2,138,994		2,379,597

Prepaid expenses	62,437	24,443
Current Assets	\$ 2,362,423	\$ 2,458,053
#Fixed assets	489,859	221,067
Other assets	13,015	13,015
Total Assets	\$ 2,865,297	\$ 2,692,135

Liabilities			
Notes payable	\$ 700,000	\$	700,000
Due to shareholder	—		59,000
Long-term debt, curr.	104,202		99,324
Accts. payable	1,508,217		1,652,779
Accruals	49,519		37,995
State taxes payable	19,101		2,447
Curr. Liabilities	\$ 2,381,039	\$	2,551,545
Long-term debt	407,276		467,366
+ Common stock	10,700		1,000
Add. paid-in capital	194,890		3,000
Retained earnings (deficit)	(128,608)		(330,776)
Total Liabilities & Shareholders' Equity	\$ 2,865,297	\$	2,692,135

† Unaudited.

* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$0.01 par value in 1987; no par value in 1986.

Statistical Summary			
%Income bef. Taxes to Sales	4.14	—	
%Net Income to Sales	2.40	—	
Sales to Inventories	2.52	1.92	
Shareholders' Equity (Deficiency)	\$76,982	\$	(326,776)

Toys Plus, Inc.

1600 Heritage Landing
St. Charles, Missouri 63303
(314) 928-1990

Officers: Steven M. Zamler, chairman; Gene E. Carey, presi-
dent; Eugene D. Landow, first v.p.; Brian D. Brown, v.p.-
finance & secretary; Jerry Marfisi, v.p.-store development; R.
Francis Craven, v.p.-merchandising; Sharon Winterbottom,
v.p.-administration & asst. secretary.

Directors: Steven M. Zamler, chairman; Gene E. Carey,
Joseph G. Mathews, Richard T. Fisher, Jack M. Mazur.

Business Activities: Owns and operates a chain of 33 special
retail stores under the name "TOYS + PLUS" in 11 states. The
Company stores offer a representative selection of toys, games,
bicycles, wheel goods, juvenile products and seasonal bulk
goods such as above-ground pools and swing sets.

Subsidiary:

Toys Plus of Texas, Inc.

Transfer Agent(s):

Center Trust Company of St. Louis
510 Locust Street
St. Louis, Missouri 63108

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TOYS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	34	1984	16
1985	25	1983	9

Sales and Earnings			
	Net Sales	Net Income	
1986	\$ 27,240,609	\$	(126,203)
1985	18,472,662		424,270
1984	13,399,002		747,376
1983	8,251,281		289,734

	No. of Com. Shares ‡	Earnings per Share ‡	
1986	2,400,000	\$	—
1985	2,155,479		0.20

1984	1,886,967	0.40
1983	1,540,000	0.19

(Loss)

‡ Based on the weighted average number of common shares
and common share equivalents outstanding.

Common Stock Equity		
	Total Equity	Equity Per Share
1986	\$ 8,007,016	\$ 3.34
1985	8,133,219	3.77
1984	5,570,398	1.89
1983	339,734	0.22

‡ Based on the weighted average number of common shares
and common share equivalents outstanding.

Income Account *		
Year ended Dec. 31	1986	1985
Net sales	\$ 27,240,609	\$ 18,472,662
Cost of sales	18,235,762	11,737,260
Operating income	(124,666)	(30,159)
Store oper. expenses	7,933,709	4,857,623
Expenses	1,161,997	958,225
Interest expense	394,010	317,243
Income (loss) bef. taxes	\$ (360,203)	\$ 632,470
Income taxes (credit)	(234,000)	208,200
Net Income (Loss)	\$ (126,203)	\$ 424,270

* Included in Costs and Expenses, Depreciation and Amortiza-
tion: \$279,581 in 1986 and \$154,001 in 1985.

Assets		
As of Dec. 31	1986	1985
Cash	\$ 820,586	\$ 1,726,684
Accts. receiv., net	105,422	62,519
Refundable taxes	308,000	—
*Inventories	13,377,072	8,954,006
Prepaid expenses	308,754	263,446
Current Assets	\$ 14,991,834	\$ 11,006,655
#Fixed assets	2,710,070	1,966,166
Defer. charges	881,894	785,968
Total Assets	\$ 18,583,798	\$ 13,758,789

Liabilities		
Long-term debt, curr.	\$ —	\$ 19,805
Cap. lease oblig., curr.	131,151	81,779
Accts. payable	8,392,607	3,965,257
Accruals	1,117,873	814,765
Curr. Liabilities	\$ 9,641,631	\$ 4,881,606
Long-term debt	—	12,795
Cap. lease oblig.	374,151	316,169
Deferred inc. taxes	561,000	415,000
+ Common stock	24,000	24,000
Add. paid-in capital	6,647,839	6,647,839
Retained earnings	1,335,177	1,461,380
Total Liabilities & Shareholders' Equity	\$ 18,583,798	\$ 13,758,789

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value.

Statistical Summary			
%Income bef. Taxes to Sales	—	3.42	
%Net Income to Sales	—	2.30	
%Net Income to Equity	—	5.22	
Sales to Inventories	2.04	2.06	
Debt to Equity	0.06	0.05	
Working Capital	\$5,350,203	\$6,125,049	
Current Ratio	1.55	2.25	
Shareholders' Equity	\$8,007,016	\$8,133,219	

Toys "R" Us, Inc.

Toys "R" Us, Inc.

395 West Passaic Street
Rochelle Park, New Jersey 07662
(201) 845-5033

Officers: Charles Lazarus, chairman of the board & chief exec. officer; Norman Ricken, pres. & chief operating officer; Howard W. Moore, exc. v.p.-gen. merchandise mgr.; Michael Goldstein, exc. v.p.-finance & administration; Van H. Butler, sr. v.p.-marketing & divisional merchandise mgr.; Ronald Tuchman, sr. v.p.-divisional merchandise manager; Dennis Healey, v.p.-management information systems; Robert J. Weinberg, sr. v.p. & divisional merchandise mgr.; Donald L. Margolis, v.p.-controller; Michael P. Miller, sr. v.p.-real estate; Brian K. Devine, sr. v.p.-growth & development; Bruce C. Hall, sr. v.p.-store merchandising & support services; Stephen W. Austin, v.p.-real estate; Michael L. Tumelo, v.p.-real estate counsel; Robert C. Nakatone, pres.-Toys "R" Us-United States; Joseph R. Baczkowski, pres.-Toys "R" Us-International; Michael M. Searles, pres.-Kids "R" Us; Lester Yanky, secretary; Ernest V. Speranza, v.p.-advertising; Jeffrey S. Wells, v.p.-human resources; Louis Lipschitz, v.p.-finance.

Directors: Charles Lazarus, chairman of the board; Albert E. Christie, Milton S. Gould, Norman Ricken, Norman M. Schneider, Harold M. Wit, Moses Shapiro, Robert A. Bernhard, Howard W. Moore.

Business Activities: Operates 295 toy stores under the name "Toys 'R' Us", 43 "Kids 'R' Us" children's clothing stores, and 4 conventional department stores called "Boston Stores" and "The Fair", which sell a wide range of merchandise. "Toys 'R' Us" stores are located in 31 states, Canada, the United Kingdom, Hong Kong and Singapore; "Kids 'R' Us" stores are located in 11 states, primarily in the northeast; the two "Boston Stores" are located in New York, and the two "The Fair" stores are in Flint, Michigan.

Subsidiaries:

TRU (UK) Limited
Hong Kong

Toys "R" Us (U.K.) Ltd.
Toys "R" Us (Canada) Ltd.
Toys "R" Us-Metro (Singapore) PTE Ltd.

Transfer Agent(s):

The First Jersey National Bank
One Exchange Place
Jersey City, New Jersey 07302

Stock Exchange(s): New York

Ticker Symbol: TOY

Number of Stores: (at fiscal year end)

	1987	1986	1985
342	342	342	342
273	273	273	273
217	217	217	217

Sales and Earnings

	Net Sales +	Net Income
1987	\$2,444,903,000	\$ 152,217,000
1986	1,976,134,000	119,774,000
1985*	1,701,700,600	111,424,000
1984	1,319,642,000	92,317,000
1983	1,041,735,000	64,162,000

No. of Com. Shares \$ Earn. per Share \$

	1987	1986	1985*	1984	1983
127,110,608	127,110,608	126,080,874	124,730,886	128,092,500	125,856,000
\$ 1.17	\$ 1.17	0.93	0.87	0.72	0.52

* 53 weeks.

+ Including leased depts.

‡ Based on the weighted average number of common shares and common share equivalents adjusted to reflect reduction in the number of shares deemed outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	—	—	3-for-2
1986	—	—	—

1985	—	—	3-for-2
1984	—	—	3-for-2
1983	—	—	3-for-2

Common Stock Equity

	Total Equity	Equity Per Share \$
1987	\$ 901,041,000	\$ 7.09
1986	717,394,000	5.69
1985	579,113,000	4.64
1984	459,723,000	3.59
1983	323,476,000	2.57

‡ Based on the weighted average number of common shares and common share equivalents adjusted to reflect reduction in the number of shares deemed outstanding adjusted to reflect stock splits.

Income Statement (000's)

Year ended	2/1/87	2/2/86
Net sales	\$ 2,444,903	\$ 1,976,134
Cost of sales	1,668,209	1,322,942
Expenses	458,528	408,438
Depreciation & amortization	33,288	26,071
Interest expense	7,890	6,999
Interest income	(7,229)	(8,093)
Income before taxes	\$ 284,217	\$ 219,774
Income taxes	132,000	100,000
Net Income	\$ 152,217	\$ 119,774

Assets (000's)

As of	2/1/87	2/2/86
Cash	\$ 84,379	\$ 136,171
Accts. receiv., net	37,502	25,971
*Inventories	528,939	413,493
Prepaid expenses	3,566	3,246
Current Assets	\$ 654,386	\$ 578,881
Fixed assets	840,965	613,776
Prop. under cap.	12,440	13,529
Other assets	15,175	19,730
Total Assets	\$ 1,522,966	\$ 1,225,916

Liabilities (000's)

	1987	1986
Long-term debt, curr.	\$ 973	2,113
Cap. lease oblig., curr.	968	964
Accts. payable	305,705	248,976
Accruals	118,260	93,665
Inc. taxes pay.	73,059	52,001
Curr. Liabilities	\$ 498,965	\$ 397,719
Long-term debt	63,966	65,024
Cap. lease oblig.	18,673	19,642
Deferred inc. taxes	40,321	26,137
+ Common stock	12,711	8,405
Add. paid-in capital	239,721	216,930
Retained earnings	650,499	502,595
For. curr. trans. adjust.	8,449	2,052
Treasury stock	(5,571)	(4,423)
Reciv. from stock options	(4,768)	(8,165)
Total Liabilities & Shareholders' Equity	\$ 1,522,966	\$ 1,225,916

* At lower of cost or market. Toy Stores merchandise is valued at LIFO while dept. store inventories are valued at FIFO.

‡ Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes	11.62	11.12
to Sales	6.23	6.06
%Net Income to Sales	16.89	16.70
%Net Income to Equity	4.62	4.78
Sales to Inventories	0.07	0.12
Debt to Equity	\$155,421,000	\$181,162,000
Working Capital	1.31	1.46
Current Ratio	\$901,047,000	\$717,394,000
Shareholders' Equity		

Trak Auto Corporation

(a majority-owned subsidiary of Dart Group Corporation)

3300 75th Avenue
Landover, Maryland 20785
(301) 731-1200

Officers: Herbert H. Haft, chairman & chief exec. officer; Robert M. Haft, president; Ben S. Kovalsky, v.p. & president of Trak East; Gloria G. Haft, v.p.; Arthur D. Clark, v.p.; Richard J. Koll, treasurer & chief financial officer.

Directors: Herbert H. Haft, chairman of the board; Robert M. Haft, Ben S. Kovalsky, Gloria G. Haft, Warren E. Tydings, James G. Leonard.

Business Activities: Engaged in the retail sale of quality brand name automobile parts and accessories for the do-it-yourself market through 131 discount specialty stores in the Washington, D.C., Richmond, Virginia, and Chicago, Illinois, areas. Through its Trak Auto West, Inc. subsidiary (previously a joint venture) operates 86 stores in the Los Angeles metropolitan area.

Subsidiaries:

Trak Auto East Corporation

Trak Auto West, Inc.

Operates 86 retail auto parts stores in the Los Angeles metropolitan area.

Transfer Agent(s):

Riggs National Bank
Washington, D.C.

Stock Exchange(s): Over-the-Counter

Ticker Symbol: TRKA (NASDAQ)

Number of Stores: (at fiscal year end)*

	1986	1985	1984	1983
217	217	217	217	217
93	93	93	93	93
56	56	56	56	56

* Excludes previous joint venture with Thrifty Corporation.

Sales and Earnings

	Net Sales	Net Income
1987	\$ 183,667,000	\$ 1,270,000
1986	97,833,000	797,000
1985	73,834,000	3,223,000
1984	58,610,000	4,610,000
1983	45,851,000	4,055,000

No. of Com. Shares \$ Earn. per Share \$

	1987	1986	1985	1984	1983
6,008,000	6,008,000	5,998,000	5,997,000	5,523,000	3,962,000
\$ 0.21	\$ 0.21	0.13	0.54	0.83	1.02

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$ —	—	—
1986	—	—	—
1985	—	—	—
1984	—	—	—
1983	0.68	—	—

Common Stock Equity

	Total Equity	Equity Per Share \$
1987	\$ 55,304,000	\$ 9.21
1986	54,026,000	9.01
1985	53,229,000	8.88
1984	50,006,000	9.05
1983	4,095,000	1.03

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Income Account

Year ended Jan. 31	1987	1986
Net sales	\$ 183,667,000	\$ 97,833,000
Other income	1,889,000	3,055,000
Total income	\$ 185,556,000	\$ 100,888,000
Cost of sales	148,518,000	76,149,000
Expenses	29,539,000	15,339,000
Depreciation & amortization	2,472,000	1,070,000
Interest expense	3,698,000	1,319,000
Income before taxes	\$ 1,329,000	\$ 7,011,000
Income taxes	578,000	2,820,000
Loss from unconsol. subsid.	—	3,394,000
Minority interest	(519,000)	—
Net Income	\$ 1,270,000	\$ 797,000

As of Jan. 31	1987	1986
Cash	\$ 9,601,000	\$ 2,333,000
Short-term invest.	9,864,000	40,669,000
Accts. receiv., net	2,351,000	3,857,000
Due from affil.	—	73,000
*Inventories	58,948,000	32,843,000
Prepaid inc. taxes	946,000	745,000
Other curr. assets	507,000	202,000
Current Assets	\$ 82,217,000	\$ 80,722,000
Fixed assets	22,773,000	18,110,000
Deferred taxes	540,000	—
Other assets	1,742,000	—
Total Assets	\$ 107,272,000	\$ 98,832,000

Liabilities		
Cap. lease oblig., curr.	\$ 761,000	\$ 480,000
Accts. payable	28,935,000	16,398,000
Accrued payroll	1,431,000	837,000
Income taxes	2,601,000	862,000
Other taxes	2,115,000	880,000
Due to affil.	152,000	—
Curr. Liabilities	\$ 35,995,000	\$ 19,457,000
Cap. lease oblig.	15,973,000	14,692,000
Deferred inc. taxes	—	72,000
Share of deficit -		
Trak Auto West	—	10,585,000
+ Common stock	60,000	60,000
Add. paid-in capital	41,289,000	41,281,000
Retained earnings	13,955,000	12,685,000
Total Liabilities & Shareholders' Equity	\$ 107,272,000	\$ 98,832,000

* At lower of cost (LIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$0.01 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.72	7.17
%Net Income to Sales	1.72	0.81
%Net Income to Equity	2.30	1.48
Sales to Inventories	3.12	2.98
Debt to Equity	0.29	0.27
Working Capital	\$46,222,000	\$61,265,000
Current Ratio	2.28	4.15
Shareholders' Equity	\$55,304,000	\$54,026,000

The United States Shoe Corporation

One Eastwood Drive
 Cincinnati, Ohio 45227
 (513) 527-7000

Officers: Philip G. Barach, chairman of the board, president & chief executive officer; Howard Platt, exec. v.p. & president-footwear wholesaling & retailing; Joseph C. Lamb, v.p. &

treasurer; Martin Sherman, sr. v.p. & chief exec. officer-Retail Development & Services Div.; James J. Crowe, v.p., secretary & gen. counsel; Henry A. Billeter, v.p.-marketing & corp. dev.; Edward Klee, v.p.-finance; Edwin C. Gerth, v.p. & controller; Louis Neusser, v.p.-merchandising operations; Robert Stix, sr. v.p.-mfg. & operations; James Vadi, sr. v.p. & group pres.-women's specialty retailing.

Directors: Philip G. Barach, chairman; John F. Lebr, Harold O. Toor, Gilbert Hahn, Jr., Daniel G. Ross, Albert M. Kronick, John L. Roy, Stanley H. Katz, Joseph H. Anderr, Robert D. Buzzell, Philip L. Lowe, Lawrence T. Kellar.

Business Activities: The Company owns and operates shoe stores and leased departments, specialty stores, and shoe manufacturing facilities. Also operates 161 optical retail stores, and engages in direct mail marketing.

Retail Divisions and Subsidiaries:

The Banister Shoe Company
 Operates 43 factory outlet show stores.

Brandstand
 Athletic and family footwear.

Wm. Hahn Co.
 7600 Jefferson Avenue
 Landover, Maryland 20785
 (202) 322-4550
 Operates women's and men's shoe stores in 16 states and Washington, D.C. under the name Hahn Shoes. Also operates U.S. Shoe concepts stores in 14 states and Washington, D.C.

Up's N Downs
 361 stores offering budget junior sportswear.

Caren Charles
 145 stores selling medium-priced apparel for women aged 25 to 50.

August Max
 95-24 63rd Road
 Rego Park, New York 11374
 (212) 274-9055
 64 stores targeted for older, affluent female clientele.

Cincinnati Shoe Co.
 11445 Century Boulevard
 Cincinnati, Ohio
 (513) 731-2800
 Operates 50 shoe specialty stores and 130 leased footwear departments.

Cabaret
 Operates seven stores offering fashion accessories for younger women.

Sophisticated Woman
 Operates three stores offering large-size women's apparel of medium-to-better quality.

Casual Corner
 107 Phoenix Avenue
 Enfield, Connecticut 06082
 (203) 741-0771
 702 specialty stores primarily located in shopping malls.

J. Riggings
 1018 Perimeter Mall
 4400 Ashford Dunwoody Rd.
 Atlanta, Georgia 30346
 218 specialty men's apparel stores.

T.H. Mandy
 17 stores displaying medium-to-better grade miss apparel.

Petite Sophisticate
 Apparel retailer operating 97 stores specializing in clothes made for smaller women.

Career Image
 81 stores retailing apparel of medium-to-better quality for the working woman.

The Home Front
 Operates 26 stores offering brand-name home furnishings priced below regular retail.

Front Row
 Eleven stores offering a wide assortment of apparel and shoes for the whole family.

Wimberbrook Division
 Specialty mail order catalog under the name Nicole Summers, specializing in women's apparel for sizes 10 to 20.

Precision Lenses
 Operates 158 eyewear stores in 71 metropolitan areas in 30 states.

Acquisition:
 Optica
 Operates three upscale eyewear stores in Palm Springs, Beverly Hills and Costa Mesa, California.

Transfer Agent(s):
 Morgan Shareholder Services Trust Company
 New York, New York

Stock Exchange(s): New York, Pacific

Ticker Symbol: USR

Number of Retail Units: (at fiscal year end)

1986	2,267	1983	1,636
1985	2,047	1982	1,427
1984	2,603		

Sales and Earnings

	Net Sales	Net Income
1986	\$2,003,246,000	\$ 25,472,000
1985	1,920,225,000	64,875,000
1984*	1,717,401,000	53,423,000
1983	1,507,773,000	75,271,000
1982	1,254,138,000	60,116,000

	No. of Com. Shares +	Earn. per Share ‡
1986	44,365,872	\$ 0.57
1985	43,949,554	1.46
1984*	43,578,138	1.21
1983	42,971,598	1.71
1982	42,687,360	1.36

* 53 weeks.
 + Adjusted to reflect stock splits.
 ‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	\$0.46	—	2-for-1
1985	0.44½	—	—
1984	0.41½	—	—
1983	0.37	—	2-for-1
1982	0.33½	—	—

† Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share †
1986	\$ 488,818,000	\$ 11.02
1985	477,344,000	10.86
1984	467,828,000	9.82
1983	590,242,000	9.08
1982	329,040,000	7.71

† Adjusted to reflect stock splits.

Income Account *

Year ended	1/31/87	2/1/86
Net sales	\$ 2,003,246	\$ 1,920,225
Cost of sales	1,213,484	1,148,171
Expenses	714,991	622,444
Oper. profit	\$ 74,771	\$ 149,610
Other expense	7,153	9,845
Total	\$ 67,618	\$ 139,765
Interest expense	18,146	15,864

The United States Shoe Corporation

Income before taxes	\$ 49,472	\$ 123,901
Income taxes	24,000	59,026
Net Income	\$ 25,472	\$ 64,875

* Included in Costs and Expenses, Depreciation and Amortization: \$44,039,000 in 1987 and \$33,664,000 in 1986.

As of	1/31/87	2/1/86
Cash	\$ 16,009	\$ 14,690
Receiv., net	137,359	159,728
*Inventories	351,898	359,734
Current Assets	\$ 505,266	\$ 534,152
Fixed assets	366,839	265,574
Other assets	50,843	49,988
Total Assets	\$ 922,948	\$ 849,714

Liabilities (000's)	1/31/87	2/1/86
Unsecured notes payable	\$ 6,288	\$ 5,070
Notes payable & long-term debt, curr.	6,162	7,721
Accts. payable	164,265	151,743
Accruals	51,984	55,217
Income taxes	—	11,896
Current Liabilities	\$ 228,699	\$ 231,647
Long-term debt	130,919	90,006
Cap. lease oblig.	12,592	2,214
Deferred credits	61,920	48,513
+ Common stock	47,555	41,216
Retained earnings	441,263	436,118
Total Liabilities & Shareholders' Equity	\$ 922,948	\$ 849,714

* At lower of cost (retail method which approximates FIFO) or market. Footwear seg. and retail shoe divisions stated at LIFO.
 † Less accumulated depreciation and amortization.
 ‡ No par value.

Statistical Summary	1987	1986
%Income bef. Taxes to Sales	2.47	6.45
%Net Income to Sales	1.27	3.38
%Net Income to Equity	5.21	13.59
Sales to Inventories	5.69	5.34
Debt to Equity	0.28	0.22
Working Capital	\$276,567,000	\$302,505,000
Current Ratio	2.21	2.31
Shareholders' Equity	\$488,818,000	\$477,334,000

Victory Markets Inc.

(Acquired by LNC Industries Pty. Limited through LNC Acquisition Corporation on July 8, 1986)

54 East Main Street
 Norwich, New York 13815
 (607) 335-4711

Officers: Jack Liberman, chairman of the board; Darryl R. Gregson, president & chief executive officer; Joseph Y. Nishimura, exec. v.p. & chief financial officer; Joseph A. Natoli, sr. v.p.-store operations; Philip S. Arnone, sr. v.p.-sales & merchandising; Thomas P. Cunningham, v.p.-engineering & construction; Thomas Dosch, corporate controller & asst. secretary; Jules S. Fox, v.p.-personnel & labor relations; Raymond F. Herrington, v.p.-meat & deli operations; Eugene B. Kulakosky, v.p.-grocery & non-food buying; Edwin F. Oberle, v.p.-real estate & secretary; Joseph Y. Scotti, v.p.-produce operations; Gerald Waite, v.p.-wholesale operations; Bryan D. Adams, treasurer; Donald J. Hayes, v.p.-video operations & labor control.

Directors: Jack Liberman, chairman of the board; Darryl R. Gregson, Joseph Y. Nishimura, Anthony M. Clarkson, Mitchell M. Gitin.

Business Activities: Operates a chain of 88 retail supermarkets under the names Great American, Victory Markets, and Chicago Market in central and northern New York State. The Company also conducts a wholesale grocery business supplying independent food retailers and operates three discount beverage stores and four gas stations in New York State. Through its wholly owned subsidiary, Victory Video Inc., the Company operates a chain of 83 video cassette rental centers.

Subsidiaries:
 Tracy Baking Corp.
 U Pump 'Em
 Victory Video Inc.
 Chicago Market Enterprises, Inc.

Number of Stores: (at fiscal year end)	1986	1983	1982	1981
1986	91	1983	87	
1985	83	1982	90	
1984	86			

NOTE: In a cash tender offer completed on July 8, 1986, substantially all of the Company's outstanding stock was acquired by LNC Acquisition Corporation, a newly formed subsidiary of LNC Industries Pty. Limited.

Sales and Earnings	1987	1986
Net Sales	\$ 205,786,000	\$ (892,000)
Net Income	208,945,000	(1,200,000)
12/27/86*	394,339,266	3,629,820
7/8/86* +	361,211,226	2,474,016
12/28/85 +	329,224,854	2,913,642

No. of Com. Shares	1987	1986
12/27/86*	200	\$ —
7/8/86* +	2,798,325	—

(Loss)
 * 6 months.
 † Predecessor company.
 ‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock dividends.

Common Stock	1987	1986
Cash Dividend #	—	—
Stock Dividend	0.13	—
Stock Split	0.27	10%
12/27/86	0.27	5%
7/8/86	0.27	5%
12/28/85	0.27	5%
12/29/84	0.27	5%
12/31/83	0.27	5%

* Adjusted to reflect stock dividends.

Common Stock Equity	1987	1986
Total Equity	\$ 16,107,806	\$ —
12/27/86	20,226,238	7.23
7/8/86 +	21,907,318	—
12/28/85 +	18,858,413	—
12/29/84 +	16,915,241	—
12/31/83 +	—	—

+ Predecessor Company.
 ‡ Adjusted to reflect stock dividends.

Income Account	1987	1986
Year ended	12/27/86 (6 months)	7/8/86 + (6 months)
Net sales	\$ 205,785,603	\$ 208,945,101
Cost of sales	158,963,381	163,092,572
Expenses	38,869,938	38,773,486
Depreciation & amortization	3,286,965	3,181,880
Interest expense	4,707,061	1,592,094
Exp. assoc. with LNC acq.	—	4,419,722
Interest income	(148,548)	(78,773)
Income (loss) bef. taxes	\$ 106,806	\$ (2,035,880)
Income taxes (credit)	999,000	(835,400)
Net Loss	\$ (892,194)	\$ (1,200,480)

+ Predecessor company.

Assets	12/27/86	12/28/85
As of		
Cash	\$ 7,396,327	\$ 497,581
Accts. receiv., net	4,092,061	3,610,906
*Inventories	42,596,791	26,509,415
Other curr. assets	4,501,926	3,162,129
Current Assets	\$ 58,587,105	\$ 33,780,031
Fixed assets	100,372,983	41,782,633
Other assets	13,884,685	936,477
Total Assets	\$ 172,844,773	\$ 76,499,141

Liabilities	1987	1986
Long-term debt, curr.	\$ 3,560,495	\$ 2,652,504
Long-term debt classified as curr.	10,116,200	—
Incr. rate notes pay.	20,000,000	—
Accts. payable & accruals	35,857,433	24,242,150
Accrued payroll	3,747,491	2,651,861
Current Liabilities	\$ 73,281,619	\$ 29,546,515
Long-term debt	79,010,279	22,187,254
Deferred inc. taxes	1,445,069	2,858,054
+ Common stock	67	1,180,845
Add. paid-in capital	19,999,933	9,977,755
Retained earnings (def.)	(892,194)	13,186,641
Treasury stock	—	(2,436,923)
Total Liabilities & Shareholders' Equity	\$ 172,844,773	\$ 76,499,141

* At lower of cost (FIFO) or market; grocery inventories primarily at LIFO.
 † Less accumulated depreciation.
 ‡ \$0.33 par value.

Statistical Summary	1987	1986
Sales to Inventories	4.83	—
Debt to Equity	4.85	—
Working Capital	—	\$ 4,233,516
Current Ratio	—	1.14
Shareholders' Equity	\$19,107,806	\$21,907,318

Village Super Market, Inc.

733 Mountain Avenue
 Springfield, New Jersey 07081
 (201) 467-2200

Officers: Nicholas Sumas, chairman of the board; Perry Sumas, president; Robert Sumas, v.p. & secretary; John Sumas, William Sumas, Perry Sumas, v.p.'s; James Sumas, v.p. & treasurer; Adam T. Adams, general counsel; Frank Curci, controller; Carol Lawton, v.p. & asst. secretary.

Directors: Nicholas Sumas, chairman; Perry Sumas, James Sumas, George J. Andrasakes, Robert Sumas, John Sumas, John J. McDermott, William Sumas.

Business Activities: Operates a chain of supermarkets located in New Jersey and Pennsylvania, which sell "Shop-Rite" label products. Also operates two liquor stores and one variety store.

Transfer Agent(s):

Midatlantic National Bank
 744 Broad Street
 Newark, New Jersey

Stock Exchange(s): Over-the-Counter

Ticker Symbol: VLGE (NASDAQ)

Number of Shares: (at fiscal year end)	1986	1983	1982	1981
1986	27	1983	24	
1985	24	1982	23	
1984	24			

Sales and Earnings	1987	1986
Net Sales	\$ 402,930,000	\$ 3,232,000
Net Income	379,398,000	2,719,000
1984	342,806,000	35,000

1983	317,416,726	1,776,000
1982*	303,992,551	1,625,000

No. of Com. Shares ‡ Earn. per Share †

1986	585,844	\$ 5.52
1985	585,844	4.64
1984	585,844	0.06
1983	586,844	3.03
1982*	586,844	2.77

* 53 weeks.

‡ Based on common stock and Class A common stock combined.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.60	—	—
1985	0.60	—	—
1984	0.75	—	—
1983	0.45	—	—
1982	0.60	—	—

Common Stock Equity

	Total Equity	Earn. per Share
1986	\$ 20,349,064	\$ 34.73
1985	17,311,226	29.55
1984	14,786,264	25.24
1983	14,993,926	25.55
1982	13,363,699	22.77

‡ Based on common stock and Class A common stock combined.

Income Account *

Year ended	7/26/86	7/27/85
Net sales	\$ 402,929,965	\$ 379,398,115
Cost of sales	313,304,891	297,906,635
Expenses	78,538,436	72,227,572
Depreciation & amortization	3,629,783	3,373,371
Interest expense	2,098,103	1,875,251
Inc. bef. taxes	\$ 5,358,752	\$ 4,015,286
Income taxes	2,155,722	1,328,000
Eq. in inc. of unconsol. affil.	(28,814)	(31,682)
Net Income	\$ 3,231,844	\$ 2,718,968

Assets

As of	7/26/86	7/27/85
Cash	\$ 9,065,713	\$ 7,013,096
Receiv., net	2,633,729	2,263,148
*Inventories	11,862,475	12,283,574
Prepaid expenses	514,085	345,845
Current Assets	\$ 24,075,932	\$ 21,905,663
Investments	2,869,420	2,692,839
*Fixed assets	31,813,554	29,289,556
Other assets	1,110,696	876,463
Intangibles	3,765,335	3,791,501
Cash held	2,400,000	—
Total Assets	\$ 66,034,937	\$ 58,556,022

Liabilities

Long-term debt, curr.	\$ 2,223,234	\$ 2,379,959
Cap. lease oblig., curr.	315,743	423,431
Accts. payable & accruals	19,932,809	18,311,308
Income taxes	320,294	626,625
Curr. Liabilities	\$ 22,792,080	\$ 21,741,323
Notes & mortg. payable	6,882,548	6,506,220
Capitalized lease oblig.	14,114,732	11,687,740
Deferred inc. taxes	1,896,513	1,309,513
+ Common stock	163,172	163,172
+ Class A common stock	131,250	131,250
Add. paid-in capital	1,234,399	1,234,399
Retained earnings	18,865,243	15,827,405
Treasury stock	(45,000)	(45,000)
Total Liabilities & Shareholders' Equity	\$ 66,034,937	\$ 58,556,022

* Perishables at (FIFO) cost; dairy, frozen foods, liquor at FIFO; grocery and non-foods at LIFO.
‡ Less accumulated depreciation and amortization.
+ \$0.50 par value.

Statistical Summary

%Income bef. Taxes to Sales	1.33	1.06
%Net Income to Sales	0.80	0.72
%Net Income to Equity	15.88	15.71
Sales to Inventories	33.97	30.89
Debt to Equity	0.69	1.21
Working Capital	\$ 1,283,852	\$ 164,340
Current Ratio	1.06	1.01
Shareholders' Equity	\$20,349,064	\$17,311,226

Walgreen Co.

200 Wilmot Road
Deerfield, Illinois 60015
(312) 940-2500

Officers: Charles R. Walgreen, III, chairman & chief exec. officer; Fred F. Canning, president & chief operating officer; Charles D. Hunter, executive v.p. & chief financial officer; L. Daniel Jordt, sr. v.p. & treasurer; Glenn S. Kraiss, senior v.p.-drug store operations; John R. Brown, sr. v.p.-distribution & mfg.; Vernon A. Brunner, senior v.p.-marketing; William O. Shank, v.p., gen. counsel & corp. secretary; L. Alan Crotty, v.p.-administration; John A. Rubino, v.p.-human resources; John B. Seastone, v.p.-food services; William A. Shiel, v.p.-facilities development; George C. Eilers, v.p.-purchasing; Roger L. Polark, controller; Roger H. Clausen, gen. auditor; Joel H. Levin, Edward H. King, Emily Koulogerou, Julian A. Oettinger, asst. secretaries; John M. Palizza, Richard C. Hilderbrandt, asst. treasurers; John F. Richter, Raymond W. Wirsing, asst. controllers.

Directors: C.R. Walgreen III*, J.E. Jeuch*, A.C. Nielsen, Jr.*, M.R. Kephart, C.D. Hunter*, F.F. Canning*, John B. Schwemm, Theodore Dimitriou, John J. Louis, Jr.

* Member of the Executive Committee.

Business Activities: Operates a chain of 1,273 Walgreen drug stores, 94 separate restaurants, and manufacturing facilities for the production of health, beauty and household products. Also operates an international travel service and photo processing facilities.

Divisions:

Drug Store Division
Food Service Division
Manufacturing Division
Photo Processing Studios
International Travel Service

Transfer Agent(s):

Harris Trust and Savings Bank
311 West Monroe Street, 11th Floor
Chicago, Illinois 60690

Stock Exchange(s): New York, Midwest

Ticker Symbol: WAG

Number of Stores: (at fiscal year end)

1986	1,273	1983	941
1985	1,095	1982	883
1984	1,002		

Sales and Earnings

	Net Sales ‡ (000's)	Net Income (000's)
1986	\$ 3,660,553	\$ 103,137
1985	3,161,935	94,169
1984	2,744,625	85,446
1983	2,360,614	69,789
1982	2,039,496	56,064
	No. of Com. Shares ‡	Earn. per Share †
1986	61,495,436	\$.67
1985	61,397,868	1.53
1984	61,351,244	1.39

1983	61,323,468	1.14
1982	61,017,876	0.93

‡ Of continuing operations only.

‡ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.50	—	—
1985	0.44	—	2-for-1
1984	0.36	—	—
1983	0.30	—	2-for-1
1982	0.25	—	2-for-1

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 553,611,000	\$ 9.00
1985	480,974,000	7.83
1984	414,618,000	6.76
1983	351,705,000	5.74
1982	299,189,000	4.90

+ Based on the weighted average number of shares outstanding adjusted to reflect stock splits.

Income Account * (000's)

Year ended Aug. 31	1986	1985
Net sales	\$ 3,660,553	\$ 3,161,935
Cost of sales	2,550,072	2,192,367
Expenses	914,003	791,697
Other expense	8,852	4,171
Income before taxes	\$ 187,626	\$ 173,700
Income taxes	84,489	79,531
Net Income	\$ 103,137	\$ 94,169

* Included in Costs and Expenses, Depreciation and Amortization: \$43,835,000 in 1986 and \$34,350,000 in 1985.

Assets (000's)

As of Aug. 31	1986	1985
Cash	\$ 48,958	\$ 24,987
Marketable securities	49,144	57,446
Accts. receiv., net	43,406	29,246
*Inventories	551,370	459,258
Other assets	27,286	22,568
Current Assets	\$ 720,164	\$ 593,505
Investments	1,301	1,437
*Fixed assets	453,318	343,094
Prop. under cap. leases	22,299	23,902
Total Assets	\$ 1,197,082	\$ 961,938

Liabilities (000's)

Long-term debt, curr.	\$ 3,509	\$ 4,831
Accts. payable	203,838	181,770
Accrued exp. & other liab.	161,988	139,190
Income taxes	19,499	10,686
Curr. Liabilities	\$ 388,834	\$ 336,477
Long-term debt	136,158	44,336
Deferred inc. taxes	91,726	72,547
Oblig. under cap. leases	26,753	27,604
+ Common stock	78,248	78,002
Retained earnings	475,363	402,972
Total Liabilities & Shareholders' Equity	\$ 1,197,082	\$ 961,938

* At lower of cost (valued on a LIFO basis) or market.
‡ Less accumulated depreciation.
+ \$2.50 par value.

Walgreen Co.

Statistical Summary

%Income bef. Taxes		
to Sales	5.13	5.49
%Net Income to Sales	2.82	2.98
%Net Income to Equity	18.63	19.58
Sales to Inventories	6.64	6.88
Debt to Equity	0.25	0.10
Working Capital	\$331,330,000	\$257,028,000
Current Ratio	1.85	1.76
Shareholders' Equity	\$553,611,000	\$480,974,000

Income Account

Year ended May 31	1986	1985
Net sales	\$ 101,499,533	\$ 83,553,418
Cost of sales	66,729,884	53,119,504
Expenses	26,572,662	20,216,254
Depreciation & amortization	2,884,862	1,418,529
Amort. of deferred credit	(267,852)	(267,852)
Interest expense	153,399	442,659
Income before taxes	\$ 5,426,578	\$ 8,624,324
Income taxes	2,280,000	3,890,000
Net Income	\$ 3,146,578	\$ 4,734,324

Assets

As of May 31	1986	1985
Cash	\$ 827,635	\$ 625,739
Accts. receiv., net	406,105	147,467
Inventories	26,480,320	22,219,174
Prepaid expenses	118,592	154,024
Current Assets	\$ 27,832,652	\$ 23,146,404
Fixed assets	8,905,268	7,081,086
Deferred lease costs	271,664	308,090
Cash value of officers' life insur.	727,613	360,569
Total Assets	\$ 37,737,197	\$ 30,896,149

Liabilities

Notes payable	\$ 4,225,000	\$ 1,683,000
Long-term debt, curr.	10,080	10,080
Accts. payable	12,959,620	11,038,212
Accrued adv. expenses	726,338	760,243
Accruals	1,563,894	1,532,477
Income taxes	14,304	408,164
Curr. Liabilities	\$ 19,499,236	\$ 15,432,176
Long-term debt	4,368	3,709,106
Deferred credit	535,694	803,546
Deferred inc. taxes	179,000	244,000
+ Preferred stock	300,000	300,000
+ Common stock	53,000	50,000
Add. paid-in capital	5,412,000	1,750,000
Retained earnings	11,753,899	8,607,321
Total Liabilities & Shareholders' Equity	\$ 37,737,197	\$ 30,896,149

* At lower of cost (FIFO) or market.
 ‡ Less accumulated depreciation and amortization.
 + \$100 par value; 12% noncumulative convertible.
 + + \$0.01 par value.

Statistical Summary

%Income bef. Taxes		
to Sales	5.35	10.32
%Net Income to Sales	3.10	5.67
%Net Income to Equity	17.96	44.22
Sales to Inventories	3.83	3.76
Debt to Equity	0.24	0.50
Working Capital	\$ 8,333,416	\$ 7,714,228
Current Ratio	1.43	1.50
Shareholders' Equity	\$17,518,899	\$10,707,321

Wall To Wall Sound & Video, Inc.

200 South Route 130
 Cinnaminson, New Jersey 08077
 (609) 786-8300

Officers: Jerome Shulman, chairman, president & chief exec. officer; Lee Swede, exec. v.p., secretary & treasurer; Stephen Bell, sr. v.p.; Bruce Bell, sr. v.p.; Charles F. Dombrowski, v.p.-finance & chief financial officer; Gary Shulman, v.p.-music; Scott Shulman, v.p.-audio; Kevin Weinfeld, v.p.-marketing; Emanuel Drucker, v.p.-music; Doris Brand, v.p. & controller; Donald A. Schroyer, v.p.-store operations; Michael A. Dorer, v.p.-personnel; Edward Kochman, v.p.-administrative services.

Directors: Jerome Shulman, chairman; Lee Swede, Stephen Bell, Bruce Bell, Gary Shulman, Scott Shulman, Charles H. Laveon.

Business Activities: Operates 85 home entertainment and consumer electronic retail stores in Pennsylvania, New York, New Jersey, Maryland, Delaware and Ohio, principally under the names "Wall to Wall Sound & Video" and "Listening Booth." Products include prerecorded music, audio and video equipment, related accessories, and video movie cassettes for rental and sale.

Transfer Agent(s):

Midlantic National Bank
 Metro Park Plaza
 P.O. Box 600
 Edison, N.J. 08818

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WTWS (NASDAQ)

Number of Stores: (at fiscal year end)

1986	83	1983	53
1985	69	1982	40
1984	58		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 101,500,000	\$ 3,147,000
1985	83,553,000	4,734,000
1984	60,867,000	2,294,000
1983	41,030,000	919,000
1982	30,226,000	396,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,275,000	\$ 0.60
1985	5,000,000	0.95
1984	5,000,000	0.45
1983	N.A.	0.18
1982	N.A.	0.08

N.A. - Not Available.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity †	Equity Per Share ‡
1986	\$ 17,218,899	\$ 3.26
1985	10,407,321	2.08

† After allowing for preferred stock at par value.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

& gen. mdse. mgr.; Bill Fields, sr. v.p.-distribution & transportation; H. "Mac" Gammon, sr. v.p.-operations; Joseph P. Hatfield, sr. v.p. & gen. mdse. mgr.; Nick White, sr. v.p.-Sam's Wholesale Club; A.L. Miles, sr. v.p.-special services; Duane G. Naccarato, v.p.-super centers; Dean L. Sanders, sr. v.p.-operations; Thomas P. Seay, sr. v.p.-real estate & construction; Charles E. Self, v.p.-finance; James A. Walker, Jr., controller; Lew Skelton, v.p.-operations; Colon Washburn, sr. v.p. & gen. mdse. mgr.; Harold E. Johnson, sr. v.p.-operations; Dwight A. Carney, v.p.-advertising & sales promotion; Steve Furner, v.p.-operations; David H. Gorman, v.p.-loss prevention; Harry S. Green, v.p.-operations; Michael J. Guccione, v.p.-jewelry; William L. Hutcheson, v.p.-shoe div.; Charles Russell, v.p.-operations; H. Lee Scott, Jr., v.p.-transportation; James K. Comeaux, v.p. & divisional mdse. mgr.; Steve Tiernan, v.p.-merchandise systems; P. Terry Tucker, v.p. & divisional mdse. mgr.; Charles R. Rateliff, v.p. & treasurer; Stephen M. Bailey, Roger Lee Gliddehaus, Steve Harig, v.p.'s & div. mdse. mgr.'s; Robert L. Hart, v.p.-operations; Melvin C. Redman, v.p.-store planning; Clarence H. Archer, v.p.-pharmacy; Curtis Barlow, v.p.-real estate; Joseph S. Hardin, Jr., v.p.-distribution; Bobby L. Martin, v.p.-data processing; Robert J. Murphy, v.p.-construction; Rob Voss, v.p.-mdse., Sam's Wholesale Club; Robert K. Rhoads, gen. counsel & secretary; Quentin G. Dixon, Lewis Ray Hobbs, Lolan Mackey, Kendall L. Schwindt, John Tillman, v.p.'s-operations; Peter C. Metzger, v.p.-mdse. planning; Wesley C. Wright, v.p.-personnel.

Directors: Sam M. Walton*, chairman of the board; Robert Kahn, Donald G. Soderquist*, James L. Walton*, David D. Glass*, John A. Cooper, Jr., Jackson T. Stephens, Jack Shewmaker*, James H. Jones, S. Robson Walton*, A.L. Johnson*, David R. Banks, Charles Lazarus, William H. Seay.

* Member of the Executive Committee.

Business Activities: Operates 980 Wal-Mart retail stores in 23 states in the South, Southwest and Midwest; also operates 49 Sam's Wholesale Clubs, 6 Dot Discount Drug Stores, and 3 Helen's Arts & Crafts Stores.

Transfer Agent(s):

Center Trust Company of St. Louis
 510 Locust Street
 P.O. Box 14768
 St. Louis, Missouri 63178

Stock Exchange(s): New York, Pacific

Ticker Symbol: New York: WMT (common stock), WMT-A (preferred stock), Pacific: WMT.

Number of Stores: (at fiscal year end)

1987	1,038	1984	551
1986	887	1983	491
1985	756		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)
1987	\$ 11,909,076	\$ 450,086
1986	8,451,489	327,473
1985	6,400,861	270,767
1984	4,666,909	196,244
1983	3,376,252	124,140
	No. of Com. Shares ‡	Earn. per Share ‡
1987	282,182,946	\$ 1.59
1986	281,045,471	1.16
1985	280,444,746	0.96
1984	279,831,388	0.70
1983	268,846,176	0.46

‡ Based on the average number of shares outstanding adjusted to reflect stock dividends.

Adjusted to reflect stock dividends.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$0.17	—	—
1986	0.14	100%	—
1985	0.11	—	—
1984	0.07	100%	—
1983	0.05	100%	—

† Adjusted to reflect stock dividends.

Wal-Mart Stores, Inc.

702 SW 8th Street
 P.O. Box 116
 Bentonville, Arkansas 72716
 (501) 273-4000

Officers: Sam M. Walton, chairman of the board & chief exec. officer; David D. Glass, president & chief oper. officer; Jack Shewmaker, vice chairman & chief financial officer; S. Robson Walton, vice chairman; A.L. Johnson, exec. v.p.-mdse. & sales; Donald G. Soderquist, exec. v.p.-admin. & operations; Paul R. Carter, exec. v.p.-special div.; James L. Walton, sr. v.p.; B.D. Adams, v.p.-operations; Thomas M. Coughlin, v.p.-operations, Sam's Wholesale Club; David Dible, sr. v.p.

The Warnaco Group, Inc.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$1,690,493,000	\$ 5.99
1986	1,277,659,000	4.55
1985	984,672,000	3.51
1984	737,503,000	2.64
1983	488,109,000	1.82

‡ Adjusted to reflect stock dividends.

Income Account *

Year ended Jan 31	1987	1986
Net sales	\$ 11,909,076	\$ 8,451,489
Other income	84,623	55,127
Total income	\$ 11,993,699	\$ 8,506,616
Cost of sales	9,053,219	6,361,271
Expenses	2,007,645	1,485,210
Interest & debt expense	86,809	56,543
Income before taxes	\$ 846,026	\$ 603,592
Income taxes	395,940	276,119
Net Income	\$ 450,086	\$ 327,473

* Included in Costs and Expenses. Depreciation: \$123,639 in 1987 and \$89,749 in 1986.

Assets

As of Jan 31.	1987	1986
Cash	\$ 8,527	\$ 9,250
Marketable securities	157,018	165,168
Receiv., net	90,380	57,662
Receiv., costs from sales	47,160	152,410
*Inventories	2,030,972	1,388,168
Prepaid expenses	19,214	11,617
Current Assets	\$ 2,353,271	\$ 1,784,275
#Fixed assets	970,073	744,359
Prop. held under cap. leases	706,209	559,091
Other assets & def. charges	19,539	15,920
Total Assets	\$ 4,049,092	\$ 3,103,645

Liabilities

	1987	1986
Long-term debt., curr. Oblig. under cap. leases, curr.	\$ 1,448	\$ 1,605
Accts. payable	12,101	9,680
Accruals	924,654	695,439
Accrued payroll	159,985	107,158
Income taxes	62,774	49,698
Other taxes	132,833	88,399
Curr. Liabilities	\$ 1,340,291	\$ 992,683
Long-term debt	179,234	180,682
Cap. lease oblig.	764,128	595,205
Deferred inc. taxes	74,946	52,514
Redeem. pref. stock	—	4,502
+ Common stock	28,218	28,105
Add. paid-in capital	191,857	181,106
Retained earnings	1,470,418	1,068,448
Total Liabilities & Shareholders' Equity	\$ 4,049,092	\$ 3,103,645

* At cost (LIFO) not in excess of market.
Less accumulated depreciation.
+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	7.10	7.14
%Net Income to Sales	3.78	3.87
%Net Income to Equity	26.62	25.63

Sales to Inventories	5.86	6.09
Debt to Equity	0.57	0.62
Working Capital	\$1,012,980,000	\$ 791,592,000
Current Ratio	1.76	1.80
Shareholders' Equity	\$1,690,493,000	\$1,277,659,000

The Warnaco Group, Inc.

(formerly Warnaco, Inc.)
(Became a privately held corporation in May 1986)

11111 Santa Monica Boulevard
Los Angeles, California 90025
(213) 473-0032

Warnaco, Inc.

90 Park Avenue
New York, New York 10016
(212) 661-1300

350 Lafayette Street
Bridgeport, Connecticut 06601
(203) 579-8272

Officers: Andrew G. Galef, chairman; Linda J. Wachner, president; Robert D. Walter, ex. v.p. & chief financial officer; Jay A. Berman, treasurer & asst. secretary; Wesley R. Card, corp. controller; Stanley P. Silverstein, secretary & general counsel; Allen Finkensaur, v.p.-taxes; Edward F. Koene, asst. corp. controller.

Directors: Andrew G. Galef, chairman; Linda J. Wachner, Frederick R. Adler, Bruce I. Raben, Robert D. Walter.

Business Activities: The Company is a diversified manufacturer and marketer of apparel. Its Outlet Store Division operates 55 retail stores which sell excess and out-of-season off-price apparel products to the general public.

Divisions:

Menswear Division
Womenswear Division
Intimate Apparel Division
International Division
Outlet Store Division

Subsidiaries:

Warnaco Inc.
Warnaco International Inc.
Warnaco Limited
Warnaco de Costa Rica Inc.
Warnaco Men's Sportswear Inc.
Warnaco of Canada Limited
Warnaco Outlet Stores Inc.
Warnaco Sourcing Inc.
Warnaco Sourcing Limited
Warnaco Limited
Warner's Aiglon, S.A. (France)
Warner's Company (Belgium) S.A.
Warner's de Costa Rica Inc.
Warner's de Honduras, S.A.
Warner's de Mexico, S.A. de C.V.
Warner's (U.K.) Ltd.

Number of Stores: (at fiscal year end)

1987 55

NOTE: The Warnaco Group, Inc. was incorporated in Delaware on Mar. 14, 1986 and on May 10, 1986 acquired substantially all of the outstanding shares of Warnaco Inc. Warnaco is the principal operating subsidiary of the Warnaco Group.

Sales and Earnings

	Net Sales	Net Income
1987*	\$ 391,977,000	\$ (39,046,000)
1986 + ‡	198,053,000	(4,336,000)
1985 ‡	591,285,000	22,523,000
1984 ‡	561,391,000	20,474,000
1983 ‡	497,260,200	28,342,000

	No. of Com. Shares	Earn. per Share †
1987*	2,000,000	\$ —
1986 + ‡	N.A.	—
1985 ‡	N.A.	2.20

1984 ‡	N.A.	2.02
1983 ‡	N.A.	2.80

(Loss)
N.A. - Not Available.

* 8 months.

+ 5 months.

‡ Predecessor company.

† Based on the average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ (21,449,000)	\$ —

(Deficiency)

Income Account *

Year ended Jan. 3	1987 (8 months)
Net sales	\$ 391,977,000
Cost of sales	282,665,000
Expenses	104,303,000
Interest expense	42,373,000
Loss before taxes	\$ (37,364,000)
Income taxes	1,682,000
Net Loss	\$ (39,046,000)

* Included in Costs and Expenses, Depreciation and Amortization: \$17,145,000 in 1987.

Assets

As of Jan. 3	1987
Cash & time deposits	\$ 21,797,000
Accts. receiv., net	97,111,000
*Inventories	93,009,000
Prop. held for sale	104,303,000
Prepaid expenses	6,692,000
Current Assets	222,609,000
#Fixed assets	113,937,000
Deferred fin. costs	36,519,000
Licenses, trademarks	77,548,000
Intangibles	169,868,000
Total Assets	\$ 620,481,000

Liabilities

Notes payable	\$ 4,136,000
Long-term debt, curr.	30,466,000
Accts. payable & accruals	43,309,000
Accrued compensation	15,851,000
Other accruals	24,736,000
Income taxes	35,981,000
Curr. Liabilities	154,479,000
Long-term debt	444,236,000
Other liabilities	1,715,000
Redeem. preferred stock	41,500,000
+ Common stock:	
Class B	15,000
Class A	5,000
Add. paid-in capital	19,980,000
Com. trans. adjust.	347,000
Retained earnings (deficit)	(41,796,000)
Total Liabilities & Shareholders' Equity	\$ 620,481,000

* At lower of cost (FIFO) or market.

Less accumulated depreciation
+ \$0.01 par value.

Statistical Summary

Sales to Inventories	4.21
Working Capital	\$ 68,130,000
Current Ratio	1.44
Shareholders' Equity (Deficiency)	\$(21,449,000)

Weiman Co., Inc.

Weiman Co., Inc.

4801 West Peterson
Chicago, Illinois 60646
(312) 286-1121

Officers: Richard D. Goddard, chairman of the board & president; Ronald Meyers exec. v.p.; Paul Bohlmann, secretary & treasurer.

Directors: Richard D. Goddard, chairman; Ronald Meyers, Peter O. Fetzner, Ronald S. Sheldon.

Business Activities: Manufacturer and distributor of consumer and industrial products primarily in the fields of photography and home furnishings. The photographic group sells photographic and audio visual equipment and supplies, partly through three retail photographic equipment outlets, operates film processing and development laboratories and develops negatives, prints, slides and film strips. The home furnishings group distributes correlated wallpaper and fabrics. Through its ADCO Products Division, the Company operates a mail order jewelry business.

Divisions and Subsidiaries:

Home Furnishings Group

Woodson Wallpapers Company
New York, New York

Photographic Group

Standard Photo Supply Company
Chicago, Illinois

AGS&R Communications, Inc.
Chicago, Illinois

Gamma Photo Labs, Inc.
Chicago, Illinois

National Photo and Camera Company
Chicago, Illinois

Astra Photo Service, Inc.
Chicago, Illinois

Mail Order Group

ADCO Products Division
Chicago, Illinois

Transfer Agent(s):

Register and Transfer Company
New York, New York

Stock Exchange(s): American

Ticker Symbol: WC

Number of Stores: (at fiscal year end)

1986 3 1985 2

Sales and Earnings

	Net Sales +	Net Income #
1986	\$ 39,413,000	\$ 240,188
1985	37,019,000	830,607
1984	32,627,000	\$95,624
1983	28,524,000	154,000
1982	25,506,000	143,000

	No. of Com. Shares	Earn. per Share ‡
1986	726,958	\$ 0.32
1985	726,958	1.10
1984	726,958	0.79
1983	735,558	0.20
1982	735,558	0.19

+ Of continuing operations only.

Including extraordinary gains of \$147,000 (\$0.19 per share) in 1985, \$228,000 (\$0.30 per share) in 1984, \$67,000 (\$0.09 per share) in 1983, and \$52,000 (\$0.07 per share) in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Home furnishings	\$ 2,304,000	\$ 2,476,000
Photographic	29,440,000	28,653,000

Mail order segment	7,474,000	5,774,000
Corporate	91,000	115,000
Total	\$ 39,309,000	\$ 37,018,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.16	—	—
1985	0.15	—	—
1984	0.10	—	—
1983	0.08	—	—
1982	0.08	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 5,997,000	\$ 8.25
1985	5,873,000	8.08
1984	5,151,000	7.09
1983	4,663,000	6.34
1982	4,569,000	6.21

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 39,103,668	\$ 36,824,452
Other income	205,029	194,055
Total income	\$ 39,308,697	\$ 37,018,507
Cost of sales	21,615,821	20,983,310
Expenses	16,313,211	14,688,435
Non-recurring loss	321,265	—
Interest expense	482,842	474,610
Income before taxes	\$ 575,558	\$ 872,152
Income taxes	174,000	214,000
Inc.-cont. oper.	\$ 401,558	\$ 658,152
Inc. (loss)-discont. oper.	(161,370)	25,455
Net Income	\$ 240,188	\$ 683,607
Extraord. gain	—	147,000
Net Income & extraord. gain	\$ 240,188	\$ 830,607

* Included in Costs and Expenses, Depreciation and Amortization: \$857,700 in 1986 and \$861,941 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 762,452	\$ 784,269
Accts. receiv., net	3,880,003	3,910,770
*Inventories	2,989,772	2,942,619
Prepaid expenses	1,204,232	1,305,751
Deferred inc. taxes	389,000	190,000
Current Assets	\$ 9,225,459	\$ 9,133,409
Fixed assets	3,509,757	3,659,212
Other assets	551,426	498,563
Intangibles	744,369	772,977
Assets of discont. oper.	—	393,688
Unexpended bond proceeds	—	3,894,260
Total Assets	\$ 14,031,011	\$ 18,352,109

Liabilities

Long-term debt, curr.	\$ 728,220	\$ 723,217
Accts. payable	1,716,510	2,158,610
Accruals	486,693	544,209
Employee compensation	1,229,178	1,768,797
Income taxes	49,884	193,210
Curr. Liabilities	\$ 4,210,485	\$ 5,388,043
Long-term debt	3,562,602	6,843,017
Deferred comp.	225,000	205,000
Deferred inc. taxes	36,000	43,000
+ Common stock	735,558	735,558
Add. paid-in capital	760,522	760,522
Retained earnings	4,535,286	4,411,411
Treasury stock	(34,442)	(34,442)

Total Liabilities & Shareholders' Equity	\$ 14,031,011	\$ 18,352,109
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* At lower of cost (LIFO) or market.
Less accumulated depreciation and amortization.
‡ \$1 par value.

Statistical Summary

%Net Income to Equity	4.01	11.64
Sales to Inventories	13.08	12.51
Debt to Equity	0.72	1.29
Working Capital	\$5,014,974	\$3,745,366
Current Ratio	2.19	1.70
Shareholders' Equity	\$5,996,924	\$5,873,049

Weis Markets, Inc.

1000 South Second Street
Sunbury, Pennsylvania 17801
(717) 286-4571

Officers: Sigfried Weis, president; Robert F. Weis, vice president and treasurer; Micheal C. Rheim, vice president and secretary; Richard D. Madison, v.p.-merchandising; Alan L. Barrick, v.p.-engineering and manufacturing; Walter B. Bruce, v.p.-private label; George J. Michalak, v.p.-perishables; John W. Phillips, v.p.; Norman S. Rich, v.p.-store operations; Richard L. Wetzel, v.p.-finance.

Directors: Sigfried Weis, Robert F. Weis, Micheal C. Rheim, Charles H. Watts, II, Peter M. Jacerdote.

Business Activities: Operates supermarkets in Pennsylvania, New York, West Virginia and Maryland, under the name of Weis Markets. Weis Food Service distributes frozen foods and grocery items to restaurants and institutions. Also operates 9 Amity House Restaurants.

Subsidiaries:

Weis Food Service
Northumberland, Pennsylvania

Transfer Agent(s):

Mellon Bank (East) N.A.
Corporate Trust Department
Philadelphia, Pennsylvania 19101

Stock Exchange(s): New York

Ticker Symbol: WMK

Number of Stores: (at fiscal year end)

1986	116	1983	116
1985	122	1982	112
1984	119		

Sales and Earnings

	Net Sales	Net Income
1986	\$1,101,473,000	\$ 65,261,000
1985	1,017,173,000	60,144,000
1984	957,775,000	55,307,000
1983	891,887,000	50,120,000
1982	812,215,000	43,241,000
	No. of Com. Shares #	Earn. per Share #
1986	30,666,084	\$ 2.13
1985	30,778,391	1.95
1984	30,938,716	1.79
1983	30,943,024	1.62
1982	30,860,589	1.40

Based on the average number of shares outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.54	—	—
1985	0.48	—	3-for-2
1984	0.43	—	—
1983	0.37	—	3-for-2
1982	0.34	—	3-for-2

+ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 407,494,000	\$ 13.29
1985	365,828,000	11.89

1984	323,509,000	10.46
1983	283,967,000	9.18
1982	245,186,000	7.94

‡ Based on the average number of shares outstanding adjusted to reflect stock splits.

Income Account ‡		
Year ended	12/27/86	12/28/85
Net sales	\$1,101,473,000	\$1,017,173,000
Cost of sales	815,255,000	752,984,000
Expenses	191,184,000	176,427,000
Int. & div. income	(15,231,000)	(16,458,000)
Other income	(11,883,000)	(6,317,000)
Income before taxes	\$ 122,148,000	\$ 110,537,000
Income taxes	56,887,000	30,393,000
Net Income	\$ 65,261,000	\$ 60,144,000

* Included in Costs and Expenses, Depreciation and Amortization: \$16,628,000 in 1986 and \$15,475,000 in 1985.

Assets		
As of	12/27/86	12/28/85
Cash	\$ 330,000	\$ 312,000
Marketable securities	255,313,000	210,038,000
Accts. receiv., net	11,682,000	9,464,000
*Inventories	66,133,000	69,535,000
Prepaid expenses & other assets	3,364,000	4,615,000
Current Assets	\$ 336,822,000	\$ 293,965,000
#Fixed assets	133,629,000	129,747,000
Intangibles	3,815,000	3,826,000
Total Assets	\$ 474,266,000	\$ 427,537,000

Liabilities		
Accts. payable	\$ 37,220,000	\$ 44,521,000
Accruals	7,001,000	6,500,000
Contrib. to pension plans	2,073,000	2,259,000
Income taxes	9,145,000	2,672,000
Dividends payable	4,128,000	—
Curr. Liabilities	\$ 59,567,000	\$ 55,952,000
Deferred income taxes	7,205,000	5,757,000
+ Common stock	6,257,000	5,915,000
Retained earnings	417,087,000	362,389,000
Treasury stock	(15,850,000)	(8,476,000)

Total Liabilities & Shareholders' Equity	\$ 474,266,000	\$ 427,537,000
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* At lower of cost (LIFO or average cost method) or market.
Less accumulated depreciation and amortization.
+ No par value.

Statistical Summary		
%Income bef. Taxes to Sales	11.09	10.87
%Net Income to Sales	5.92	5.91
%Net Income to Equity	16.02	16.44
Sales to Inventories	16.66	14.63
Working Capital	\$277,255,000	\$238,012,000
Current Ratio	5.65	5.25
Shareholders' Equity	\$407,494,000	\$365,828,000

Weisfield's, Inc.

800 South Michigan Street
Seattle, Washington 98108
(206) 767-5011

Officers: Herman Blumenthal, president & chief executive officer; Leslie Rosenberg, v.p.-merchandising; Jerry Denning v.p.-operations, Southern Region; Gerald A. Proso, treasurer & chief financial officer; E. Robert Nelson, v.p., gen. counsel & secretary.

Directors: Herman Blumenthal, Leslie Rosenberg, Daniel Bary, Thomas Foster, Earle Glast, David C. Wyman.

Business Activities: Operates Weisfield's Jewelry Stores in California, Washington, Oregon, Nevada, Arizona and Colorado.

Transfer Agent(s):
First Jersey Shareholder Services

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WEIS (NASDAQ)

Number of Stores: (at fiscal year end)

1987	79	1984	78
1986	82	1983	79
1985	79		

Sales and Earnings			
	Revenues +	Net Income	
1987	\$ 50,640,000	\$ 1,300,000	
1986	48,847,000	1,831,000	
1985	45,949,000	1,812,000	
1984	45,049,000	2,117,000	
1983	40,940,894	1,568,290	
	No. of Com. Shares †	Earnings per Share †	
1987	1,095,694	\$ 1.19	
1986	1,095,732	1.52	
1985	1,303,834	1.39	
1984	1,305,870	1.62	
1983	1,305,870	1.20	

+ Of continuing operations only.

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock			
	Cash Dividend †	Stock Dividend	Stock Split
1987	\$0.50	—	—
1986	0.50	—	—
1985	0.50	—	—
1984	0.40	—	2-for-1
1983	0.40	—	—

† Adjusted to reflect stock split.

Common Stock Equity		
	Total Equity	Equity Per Share †
1987	\$ 20,637,000	\$ 18.83
1986	19,886,000	18.15
1985	21,439,000	16.44
1984	20,304,000	15.55
1983	18,708,875	14.33

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Income Account		
Year ended Jan. 31	1987	1986
Net sale	\$ 50,540,000	\$ 48,742,000
Other revenues	100,000	105,000
Revenues	\$ 50,640,000	\$ 48,847,000
Cost of sales	22,228,000	20,927,000
Expenses	18,541,000	18,070,000
Rentals	3,858,000	3,623,000
Depreciation & amortization	1,715,000	1,471,000
Interest expense	787,000	523,000
Prov. for doubtful accts.	974,000	808,000
Income before taxes	\$ 2,537,000	\$ 3,425,000
Income taxes	1,237,000	1,594,000
Net Income	\$ 1,300,000	\$ 1,831,000

Assets		
As of Jan. 31	1987	1986
Cash	\$ 137,000	\$ 21,000
Accts. receiv., net	15,323,000	13,820,000

Other receiv.	749,000	507,000
*Inventories	16,118,000	15,795,000
Prepaid expenses	452,000	488,000
Current Assets	\$ 32,779,000	\$ 30,631,000
#Fixed assets	8,185,000	8,139,000
Other assets	4,000	7,000
Total Assets	\$ 40,968,000	\$ 38,777,000

Liabilities		
Notes payable	\$ 1,775,000	\$ 5,550,000
Long-term debt, curr.	1,000,000	—
Oblig. under cap. leases, curr.	44,000	41,000
Notes & trade acceptances payable	1,016,000	1,225,000
Accts. payable & accrued expenses	5,916,000	4,728,000
Accruals	1,365,000	2,315,000
Other taxes	761,000	460,000
Income taxes	4,802,000	4,377,000
Curr. Liabilities	\$ 16,679,000	\$ 18,696,000
Long-term debt	3,500,000	—
Oblig. under cap. leases + Common stock	152,000	195,000
Add. paid-in capital	2,391,000	2,391,000
Retained earnings	438,000	438,000
Treasury stock	19,409,000	18,657,000
	(1,601,000)	(1,600,000)
Total Liabilities & Shareholders' Equity	\$ 40,968,000	\$ 38,777,000

* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$2 par value.

Statistical Summary		
%Income bef. Taxes to Sales	5.02	7.03
%Net Income to Sales	2.57	3.76
%Net Income to Equity	6.30	9.21
Sales to Inventories	3.14	3.09
Debt to Equity	0.17	0.34
Working Capital	\$16,100,000	\$11,935,000
Current Ratio	8.97	1.64
Shareholders' Equity	\$20,637,000	\$19,886,000

Western Auto Supply Company

2107 Grand Avenue
Kansas City, Missouri 64108
(816) 346-4000

Officers: John T. Lundegard, chairman & chief exec. officer; Kenneth L. Brown, sr. v.p.-finance & administration; Leo D. Carney, v.p. & treasurer; Patrick W. Semegen, v.p., secretary & counsel; Robert K. Washburn, v.p.-corp. systems; Terry S. McCoy, v.p.-consumer credit; Carl Mahan, v.p.-distribution services; John F. Barlow, pres.-Retail Division; Terry R. Kuntz, v.p.-Western Retail Division; Guy W. Hulsey, v.p.-Eastern Retail Division; Douglas R. Maehl, v.p.-Automotive Division; Don P. Giles, v.p.-store development; John R. Leach, pres.-Wholesale Division; Vernon R. Brown, v.p.-sales (West); J. Ron Calabrese, v.p.-sales (East); Chuck E. Hutchens, v.p.-Home Division; Michael Riggan, v.p.-advertising & sales promotion; Jerry G. Baldrige, v.p.-wholesale credit.

Directors: John T. Lundegard, chairman; John F. Barlow, Kenneth L. Brown, Hugh J. Byrnes, Raymond G. Chambers, Roger L. Galassini, J. Eric Helsing, Julius Koppelman, John R. Leach, Michael J. Rosenthal, David Stanley, Chester B. Vantata, Frank E. Walsh, Jr.

Business Activities: The Company, through its 253 company-owned retail stores and 1,744 independently owned and operated associate dealer stores, sells automotive aftermarket products in 46 states and Puerto Rico. Principal products include auto parts, tires, batteries, chemicals and accessories, as well as home and leisure products.

Western Auto Supply Company

Divisions and Subsidiaries:

Tire America Division¹

Operates 52 Tire America retail stores located primarily in 10 Middle Atlantic and Midwestern states. Also engages in wholesale distribution of tires.

Midland International Division

Distributes industrial two-way radio communications products.

Eva Gabor International Ltd.

Distributes wigs.

Transfer Agent(s):

Manufacturers Hanover Trust Company
450 West 33rd Street, 8th Floor
New York, New York 10001

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WASC

Number of Stores:²

1986 305

* Company-owned.

NOTE: On Dec. 20, 1985 the Company was acquired by persons associated with Wesray Capital Corp. and certain officers of the Company. In January, 1987, the Company completed an initial public offering of its common stock.

Sales and Earnings

	Net Sales †	Net Income ‡
1986* +	\$ 759,751,000	\$ 2,941,000
1985 x	721,462,000	21,347,000
1984 x	697,715,000	16,616,000
1983 x	650,319,000	15,555,000
1982 x	599,695,000	12,568,000
	No. of Com. Shares ‡‡	Earn. per Share ‡
1986* +	6,616,250	\$ 0.44
1985 x	1,000	—

* 53 weeks.

+ Post acquisition.

x Pre-acquisition.

† Includes other revenue.

‡‡ Adjusted to reflect stock split.

‡ Including extraordinary gains of \$441,000 in 1985, \$753,000 in 1983 and \$1,047,000 in 1982.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	—	—	6.7-for-1

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986 +	\$ 161,000,000	\$ 24.33
1985 x	210,528,000	—
1984 x	186,139,000	—
1983 x	184,498,000	—
1982 x	182,943,000	—

+ Post acquisition.

x Pre-acquisition.

‡ Adjusted to reflect stock split.

Income Account * (000's)

Year ended	1/3/87	12/20/85 +
Net sales	\$ 759,751	\$ 721,462
Cost of sales	556,490	557,883
Expenses	136,443	126,243
Interest expense	31,745	8,138
Gain on sale of real estate	—	(8,140)

Income before taxes	\$ 15,073	\$ 37,338
Income taxes	7,260	16,432
Net Income	\$ 7,813	\$ 20,906
Extraord. gain	—	441
Net Income & extraord. gain	\$ 7,813	\$ 21,347

* Included in Costs and Expenses, Depreciation and Amortization: \$9,132,000 in 1986 and \$7,481,000 in 1985.
+ Pre-acquisition.

	As of	1/3/87	12/20/85
Cash	\$	5,130	\$ 32,388
Accts. receiv., net		205,417	157,740
Eq. in receiv. sold to Beneficial		—	3,241
* Inventories		133,091	114,711
Prepaid expenses		9,804	17,901
Current Assets	\$	353,442	\$ 325,981
# Fixed assets		66,450	52,272
Note receiv. from related party		5,297	5,775
Other assets		194	469
Total Assets	\$	425,383	\$ 384,497

	Liabilities (000's)		
Notes payable & long-term debt, curr.	\$	29,132	\$ 9,148
Accts. payable		68,247	49,288
Income taxes		6,055	—
Payable to Beneficial		—	51,551
Other current liabilities		43,058	54,369
Curr. Liabilities	\$	146,492	\$ 164,356
Long-term debt		248,508	—
Deferred inc. taxes		3,852	8,069
Deferred gain on sale of real est.		—	1,544
Other liabilities		4,989	—
Redeem. preferred stock		21,381	—
+ Common stock		66	100
Add. paid-in capital		5,904	77,349
Retained earnings (deficit)		(5,809)	133,079
Total Liabilities & Shareholders' Equity	\$	425,383	\$ 384,497

* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.01 par value; no par value in 1985.

Statistical Summary

%Income bef. Taxes to Sales	1.98	5.18
%Net Income to Sales	1.03	2.90
%Net Income to Equity	—	9.93
Sales to Inventories	5.71	6.29
Debt to Equity	—	0.04
Working Capital	\$206,950,000	\$161,625,000
Current Ratio	2.41	1.98
Shareholders' Equity	\$161,000,000	\$210,528,000

Wetterau Incorporated

8920 Pershall Road
St. Louis, Missouri 63042
(314) 524-5000

Officers: Ted C. Wetterau, chairman and chief executive officer; Robert K. Crutsinger, president and chief operating officer; John D. Ryan, exec. v.p.; Robert J. Livingston, George H. Thomazin, exec. v.p.s; Robert E. Mohrmann, exec. v.p.; George Chirsea, Dick N. Dalton, Leroy Holdman, A. J. Muehlman, W. Robert Tannehill, Robert L. Pomeroy, Jr.

v.p.'s; Matthew M. McCarthy, first v.p., gen. counsel and secretary; Roger D. Beard, v.p.-data processing; Kurt D. Blumenthal, first v.p.-finance; Andrew Levy, first v.p.-human resources; Richard H. Schaefer, v.p.; Charles A. Gassen, first v.p.-risk management; Lawrence C. Hild, v.p. and asst. secretary; Ronald S. Humiston, v.p.-public relations; Joseph W. Lintzovich, v.p.-air transportation; William E. Patton, first v.p.-property and facilities; Michael L. Wainkowitz, first v.p.; Harlan W. Idel, treasurer; James V. Mroczkowski, v.p. & controller; Denis C. Duker, v.p.-labor relations; William B. Winkler, v.p.-corp. taxes; A. Sue Res. asst. secretary.

Directors: Ted C. Wetterau*, chairman; Clarence C. Barksdale, Raymond A. Bertolacci*, Paul A. Cox*, Robert K. Crutsinger*, Gene K. Davis, John S. Goebel*, John B. Higdon, Robert F. Hyland, Milton F. Lewis*, Robert J. Livingston*, Robert E. Mohrmann*, Richard C. Nieman*, John D. Ryan*, Stanley Simon*, George H. Thomazin*, Leonard V. Waldron*, T. Conrad Wetterau, Mark S. Wetterau.

* Member of the Executive Committee.

Business Activities: The company ranks as one of the largest food wholesalers in the country. Its 16 food distribution centers serve nearly 2,500 IGA, Foodland, Red & White, Bi-Rite and other retailers in 27 states. Other company subsidiaries and divisions provide a wide range of support services and products—general merchandise, insurance, transportation, bakery products, construction printing, finance, training, data processing and communication services. In the retail area, the Company operates 65 stores, including 50 food stores, and 15 department, drug and health food stores in four states.

Divisions and Subsidiaries:

Trans Continental Leasing, Ltd.
St. Louis, Missouri

Food Lane Supermarkets

Shop 'N Save Warehouse Stores

Milgram Food Stores, Inc.

Laneco Stores

Bright Department Stores

Lane Department Stores

Carriage Drugs

Just be Natural

Glenn-Wohlberg & Company

Wetterau Bakery Products Division

Foodland Distribution

Livonia, Michigan

Wetterau Builders, Inc.
St. Louis, Missouri

Wetterau Insurance Co., Ltd.
Hamilton, Bermuda

Wetterau Printing Division
St. Louis, Missouri

Wetterau Finance Co.
St. Louis, Missouri

Wetterau Information Services Division
St. Louis, Missouri

Creative Management Institute
St. Louis, Missouri

Transfer Agent(s):

Center Trust Company of St. Louis
510 Locust Street
P.O. Box 14768
St. Louis, Missouri 63178

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WETT (NASDAQ)

Number of Stores: (at fiscal year end)

1986	65	1984	56
1985	85		

Sales and Earnings		
	Net Sales	Net Income
1987	\$3,842,182,000	\$ 35,040,000
1986	3,482,315,000	31,825,000
1985	3,100,661,000	26,556,000
1984	2,684,057,000	22,151,000
1983	2,264,978,000	15,415,000
	No. of Com. Shares	Earn. per Share ‡
1987	12,246,000	\$ 2.82
1986	13,437,000	2.90
1985	10,540,000	2.51
1984	10,632,000	2.05
1983	10,800,000	1.91

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business		
	1987	1986
Food distribution	\$3,634,822,000	\$3,291,612,000
Industries	207,360,000	190,703,000
Total	\$3,842,182,000	\$3,482,315,000

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1987	\$1.02	—	—
1986	0.95	—	—
1985	0.86	—	—
1984	0.80	—	—
1983	0.80	—	—

Common Stock Equity		
	Total Equity	Equity Per Share
1987	\$ 209,861,000	\$ 17.14
1986	243,127,000	18.09
1985	171,963,000	16.32
1984	156,803,000	14.75
1983	146,684,000	13.58

Income Account *		
	(000's)	
Year ended	3/28/87	3/29/86
Net sales	\$ 3,842,182	\$ 3,482,315
Other income	34,007	36,693
Total income	\$ 3,876,189	\$ 3,519,008
Cost of sales	3,492,185	3,155,432
Expenses	310,753	298,358
Interest expense	13,116	11,762
Income before taxes	\$ 60,135	\$ 53,456
Income taxes	27,715	23,665
Earn. of nonconsol. subsid.	(2,420)	(2,034)
Net Income	\$ 35,040	\$ 31,825

* Included in Costs and Expenses, Depreciation and Amortization: \$29,823,000 in 1987 and \$26,920,000 in 1986.

Assets		
	(000's)	
As of	3/28/87	3/29/86
Cash	\$ 32,360	\$ 5,6027
Accts. receiv., net	93,598	93,300
*Inventories	227,372	222,550
Prepaid expenses	15,532	13,543
Current Assets	\$ 368,862	\$ 334,895
Due from nonconsol. subsid.	7,003	9,887
Notes receivable	21,740	19,320
Invent. in nonconsol. subsid.	218,475	204,039
#Fixed assets	33,117	34,413
Other assets	33,564	40,263
Total Assets	\$ 682,761	\$ 642,817

Liabilities		
	(000's)	
Short-term borrowings	\$ 7,206	\$ 2,975
Long-term debt & cap. lease oblig., curr.	5,972	7,675
Accts. payable	159,296	163,942
Checks outstanding	23,797	17,871
Accruals	56,107	48,285
Income taxes	5,839	2,630
Curr. Liabilities	\$ 258,217	\$ 243,378
Long-term debt & cap. lease oblig.	191,108	126,468
Deferred inc. taxes	18,846	17,513
Due to finance subsidiary	325	3,253
Other liabilities	4,404	9,078
+ Common stock	13,523	13,523
Add. paid-in capital	119,468	128,085
Retained earnings	131,190	108,820
Loan of ESOP	(3,025)	(3,825)
Treasury stock	(51,295)	(3,476)
Total Liabilities & Shareholders' Equity	\$ 682,761	\$ 642,817

* At lower of cost (LIFO) or market.

Less accumulated depreciation.

+ \$1 per value.

Statistical Summary		
%Income bef. Taxes to Sales	1.57	1.54
%Net Income to Sales	0.91	0.91
%Net Income to Equity	16.70	13.09
Sales to Inventories	16.90	15.65
Debt to Equity	0.91	0.52
Working Capital	\$110,645,000	\$ 91,517,000
Current Ratio	1.43	1.38
Shareholders' Equity	\$209,861,000	\$243,127,000

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WEYS

Number of Shares (at fiscal year end)

	1986	1985	1984	1983	1982
Shares	12,246,000	13,437,000	10,540,000	10,632,000	10,800,000

Sales and Earnings		
	Net Sales	Net Income
1986	\$ 106,702,862	\$ 4,309,671
1985	111,511,922	4,779,056
1984	108,422,459	4,304,680
1983	103,654,281	3,902,973
1982	97,521,043	3,239,851
	No. of Com. Shares †	Earn. per Share †
1986	588,715	\$ 7.32
1985	596,793	8.01
1984	598,915	7.19
1983	600,704	6.50
1982	583,453	5.55

† Based on the weighted average number of shares outstanding.

Common Stock			
	Cash Dividend	Stock Dividend	Stock Split
1986	\$1.42	—	—
1985	1.34	—	—
1984	1.26	—	—
1983	1.19	—	—
1982	1.16	—	—

Common Stock Equity		
	Total Equity	Equity Per Share ‡
1986	\$ 32,559,336	\$ 55.31
1985	32,482,631	54.43
1984	28,907,672	48.27
1983	25,441,172	42.35
1982	22,299,508	38.22

‡ Based on the weighted average number of shares outstanding.

Income Account *		
	1986	1985
Year ended Dec. 31		
Net sales	\$ 106,702,862	\$ 111,511,922
Cost of sales	69,420,971	72,751,448
Expenses	30,001,125	30,532,180
Oper. profit	\$ 7,280,766	\$ 8,228,294
Interest expense	121,972	120,970
Interest & other income	(643,877)	(901,732)
Income before taxes	\$ 7,802,671	\$ 9,009,056
Income taxes	3,493,000	4,230,000
Net Income	\$ 4,309,671	\$ 4,779,056

* Included in Costs and Expenses, Depreciation and Amortization: \$1,083,178 in 1986 and \$1,147,426 in 1985.

Assets		
	1986	1985
As of Dec. 31		
Cash	\$ 9,053,461	\$ 8,892,698
Accts. receiv., net	16,440,068	16,264,610
*Inventories	12,815,122	13,772,855
Current Assets	\$ 38,308,651	\$ 38,930,163
Investments	349,278	179,278
#Fixed assets	4,832,393	5,340,270
Total Assets	\$ 43,490,322	\$ 44,449,711

Weyenberg Shoe Manufacturing Company

P.O. Box 1188
234 East Reservoir Avenue
Milwaukee, Wisconsin 53201

Officers: Thomas W. Florsheim, chairman of the board and chief exec. officer; Robert Feitler, president; James F. Gorman, Peter S. Grossman, v.p.'s-sales; Thomas O. McArdle, v.p.-merchandising; Roland L. Keuler, secretary & treasurer; David N. Couper, v.p.-manufacturing.

Directors: Thomas W. Florsheim, chairman; Robert Feitler, Roland H. Wegener, M.A. Gruber, M.A. Pfaltzer, Frederick P. Stratton, Jr., Frank W. Norris.

Business Activities: Manufactures, retails and wholesales men's footwear. Operates a nationwide chain of leased shoe departments and retail shoe stores, including Brass Boot Shoe Stores.

Divisions and Subsidiaries:

Nunn Bush Shoe Co., a wholly owned subsidiary of Weyenberg, manufactures, wholesales and retails men's footwear. Operates leased departments and stores including Brass Boots.

Morgan Hayes division of Nunn Bush retails men's footwear through a chain of stores and leased departments in Texas.

Adler Shoe Shops, Inc., a wholly owned subsidiary of Weyenberg, operates a chain of men's shoe stores in New York.

Retail Division
Stacy-Adams Division
Wholesale Division

Transfer Agent(s):
First Wisconsin Trust Company
Milwaukee, Wisconsin 53202

Weyenberg Shoe Manufacturing Company

Liabilities		
Accts. payable	\$ 3,075,289	\$ 4,716,625
Dividend payable	199,626	195,769
Accruals	2,839,031	3,302,364
Income taxes	965,400	706,322
Cur. Liabilities	\$ 7,078,746	\$ 8,921,080
Deferred inc. taxes	3,006,000	2,565,000
Deferred compensation	846,240	481,000
+ Add. paid-in capital	1,335,182	1,335,182
Retained earnings	51,071,624	47,564,702
Treasury stock	(19,847,470)	(16,417,253)
Total Liabilities & Shareholders' Equity	\$ 43,490,322	\$ 44,449,711

* At LIFO cost.
 @ Less accumulated depreciation and amortization.
 + \$1 per value.

Statistical Summary		
%Income bef. Taxes		
to Sales	7.31	8.08
%Net Income to Sales	4.04	4.29
%Net Income to Equity	13.24	14.71
Sales to Inventories	8.33	8.10
Working Capital	\$31,229,905	\$30,009,083
Current Ratio	5.41	4.36
Shareholders' Equity	\$32,559,336	\$32,482,631

Wherehouse Entertainment, Inc.

1701 Hamilton Avenue
 Torrance, California 90502-1311
 (213) 538-2314

Officers: Louis A. Kwiker, president & chief executive officer; Richard H. Chapin, sr. v.p. & chief financial officer; Mary A. Keller, sr. v.p.-corp. development & secretary; Scott Young, sr. v.p.-marketing; Leonard O. Velick, v.p.-financial planning & treasurer; Barbara C. Waalkes, v.p.-store operations; Gary Leonhard, sr. v.p. & gen. mng. mgr.; Kelly Conway, v.p.-advertising; Jesse Stancarene, v.p.-management information systems.

Directors: Louis A. Kwiker, Lawrence K. Harris, Donald E. Martin, George A. Smith, Joel D. Tauber, Michael T. O'Kane.

Business Activities: Specialty retailers of home entertainment and information software, including prerecorded music and compact discs, video movies and music, blank video and audio tape and personal and home computer software. The majority of stores are in California with the remainder in neighboring states.

Transfer Agent(s):
 Continental Stock Transfer & Trust Company
 New York, New York

Stock Exchange(s): American

Ticker Symbol: WEI

Number of Stores: (at fiscal year end)

1986	195	1983	126
1985	155	1982	N.A.
1984	134		

N.A.-Not Available.

Sales and Earnings			
	Revenue	Net Income	
1987	\$ 225,357,000	\$ 5,211,000	
1986*	108,590,000	4,886,000	
1985	137,777,000	6,374,000	
1984	105,542,000	4,467,000	
1983	82,810,000	2,148,000	
	No. of Com. Stores	Earn. per Share	
1987	9,017,000	\$ 0.58	
1986*	9,015,000	0.54	

1985	8,151,000	0.78
1984	7,280,000	0.61
1983	5,967,000	0.36

* 7 months.
 @ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock		
	Cash Dividend	Stock Split
1987	\$ —	5-for-4
1986	—	5-for-4
1985	—	5-for-4

Common Stock Equity		
	Total Equity	Equity Per Share
1987	\$ 56,568,000	\$ 6.27
1986	52,890,000	5.87
1985	48,773,000	5.98
1984	21,635,000	2.97
1983	7,565,000	1.27

@ Based on the weighted average number of common shares outstanding adjusted to reflect stock splits.

Income Account *		
Year ended Jan. 31	1987	1986
Revenues	\$ 225,357,000	\$ 108,590,000
Cost of sales	116,776,000	60,305,000
Amort. of video rental taxes	13,839,000	4,365,000
Expenses	81,064,000	36,426,000
Interest expense	4,778,000	833,000
Interest & other inc.	(1,473,000)	(338,000)
Income bef. taxes	\$ 10,373,000	\$ 6,999,000
Income taxes	5,162,000	2,113,000
Net Income	\$ 5,211,000	\$ 4,886,000

* Included in Costs and Expenses, Depreciation and Amortization: \$7,476,000 in 1987 and \$2,401,000 in 1986.

Assets		
As at Jan. 31	1987	1986
Cash	\$ 2,387,000	\$ 923,000
Receivables, net	5,381,000	44,733,000
*Inventories	89,573,000	54,479,000
Video rental tapes	28,975,000	25,927,000
Prepaid income taxes	3,919,000	1,285,000
Prepaid expenses	2,857,000	1,683,000
Current Assets	\$ 133,092,000	\$ 89,030,000
*Fixed assets	55,635,000	27,998,000
Intangibles	6,754,000	—
Other assets	4,072,000	1,336,000
Total Assets	\$ 199,553,000	\$ 118,364,000

Liabilities		
Notes payable	\$ 23,500,000	\$ —
Long-term debt, curr.	5,084,000	2,209,000
Accts. payable	38,258,000	49,390,000
Accruals	2,737,000	3,617,000
Other taxes	1,451,000	975,000
Income taxes	673,000	731,000
Cur. Liabilities	\$ 71,703,000	\$ 56,922,000
Long-term debt	18,376,000	8,041,000
Convert. subord. debent.	50,000,000	—
Deferred inc. taxes	2,906,000	511,000
+ Common stock	90,000	72,000
Add. paid-in capital	29,409,000	29,336,000
Retained earnings	29,568,000	24,357,000
Treasury stock	(2,499,000)	(875,000)
Total Liabilities & Shareholders' Equity	\$ 199,553,000	\$ 118,364,000

* At lower of cost (LIFO and FIFO) or market.
 @ Less accumulated depreciation and amortization.
 + \$0.01 per value.

Statistical Summary

%Income bef. Taxes		
to Sales	4.60	6.45
%Net Income to Sales	2.31	4.50
%Net Income to Equity	9.21	9.24
Sales to Inventories	2.52	1.99
Debt to Equity	0.41	0.19
Working Capital	\$61,389,000	\$32,108,000
Current Ratio	1.86	1.56
Shareholders' Equity	\$56,568,000	\$52,890,000

Wickes Companies, Inc.

(formed through the merger of The Wickes Corporation with Gamble-Skogmo)

3340 Ocean Park Boulevard
 Santa Monica, California 90405
 (213) 452-0161

Officers: Sanford C. Sigoloff, chairman of the board, president & chief executive officer; Wilhelm A. Mallory, sr. exec. v.p. & chief financial officer; Lawrence P. Friedman, sr. v.p.-human resources; Seymour Strasberg, sr. v.p.-strategic planning; Ronald D. Springwater, sr. v.p.-real estate; James M. Van Tatenhove, sr. v.p.-administration; James N. Cast-leberry, v.p.-controls evaluation and compliance; Michael S. Strick, sr. v.p.-communications; Michael Jamieson, v.p. & controller; Ervin J. Bolks, v.p. and treasurer; Alvin G. Segel, sr. v.p., general counsel and secretary; Raymond J. Byrne, v.p.; Robert S. Fenton, v.p.-tax; Bill J. Mann, v.p.-data services.

Directors: Sanford C. Sigoloff, Sanford Kaplan, Rita E. Hauser, Ellsworth L. Johnson, Preston Silbaugh, Wilhelm Mallory, Peter Sweet, Edmund, Kaufman, Donald F. McCullough.

Areas of Work: Wickes Companies operate a large variety of retail outlets throughout the United States. Wickes Lumber operates 241 lumber and building supply stores in 36 states. Builders Emporium is a chain of 96 home improvement centers in California. Under the "Oles", "Handy Dan", "Cashway" and "Allwoods," names. The company also operates 23 Orchard hardware stores in northern California.

General merchandising and specialty retailing activities are conducted by Simmons Universal Corporation, which manufactures home furnishings and markets them primarily through its sales force; Wickes Furniture, which sells home furnishings in 15 warehouse showrooms; and Leath Furniture operating 37 furniture centers in the Midwest and Florida.

Other business activities include the manufacture of furniture through Yorktown; the manufacture of women's apparel and hosiery through the Kayser-Roth Corporation; the manufacture of upholstery, textiles and wallcoverings through Collins & Aikman Corporation; and the manufacture and distribution of automotive parts.

The Company also operates Wickes Credit, which purchases and finances accounts receivable generated by the retailing divisions of Wickes. Western Diversified Services offers credit life and credit accident and health insurance to customers and unrelated companies.

Divisions and Subsidiaries

Builders Emporium
 2162 Michelson Drive
 Irvine, CA 92715
 (714) 975-0808

Leath Home Furnishings
 7111 North Lincoln Avenue
 Chicago, Illinois 60646
 (312) 675-1980

Wickes Furniture
 351 West Dundee Road
 Wheeling, Illinois 60050
 (312) 541-0100

Wickes Lumber
 515 North Washington Avenue
 Saginaw, Michigan 48607
 (517) 754-9121

Western Diversified Services Group
 351 West Dundee Road
 Wheeling, Illinois 60090
 (312) 541-5800

Wickes Credit Corporation
351 West Dundee Road
Wheeling, Illinois 60090
(312) 541-0100

Yorktowne
P.O. Box 231
Red Lion, Pennsylvania 17356
(312) 244-4011

Simmons Universal Corporation
Kayser-Roth Corporation

Acquisition(s):

Collins & Aikman Corporation
210 Madison Avenue
New York, New York 10016
(212) 578-1200

Homecrafters Warehouse, Inc.
Birmingham, Alabama

Transfer Agent(s):

J. Henry Schroder
Bank and Trust Company of New York
One State Street
New York, N.Y. 10015

Stock Exchange(s): American, Pacific

Ticker Symbol: WIX

Number of Stores: (at fiscal year end)

	1985	1984	1983
1986	385	2,000	
1985	100		

Sales and Earnings

	Net Sales + (000's)	Net Income # (000's)
1987	\$ 4,770,000	\$ 83,750
1986	2,806,229	76,130
1985	1,647,881	296,536
1984	1,495,388	24,794
1983	1,240,435	(248,682)

	No. of Com. Shares	Earn. per Share †‡
1987	239,050,000	\$ 0.33
1986	133,854,000	0.47
1985	95,903,000	20.30
1984	14,385,000	1.72
1983	14,385,000	—

(Loss)

+ Of continuing operations only.

Including extraordinary gains of \$9,861,000 (\$0.05 per share) in 1987, \$35,482,000 (\$0.36 per share) in 1986, \$279,522,000 (\$19.13 per share) in 1985 and \$11,618,000 (\$0.81 per share) in 1984.

‡ Based on the average number of common shares and common share equivalents outstanding.

Common Stock Equity

	Total Equity (000's)	Equity Per Share
1987	\$ 1,011,022	\$ 4.23
1986	516,902‡	3.86
1985	340,333	3.55
1984	(207,680)	—
1983	(230,206)	—

(Deficiency)

‡ After allowing for preferred stock at liquidation value of \$40 per share.

Income Account (000's)

Year ended	1/31/87	1/25/86
Net sales	4,770,000	2,806,229
Cost of sales	3,409,842	2,016,263
Expenses	1,100,258	641,931
Interest expense	195,582	102,308
Gain on sale of eq. secur.	(38,412)	(3,865)
Income before taxes	\$ 102,730	\$ 49,592
Income taxes	28,841	21,516

Income-cont. oper.	\$ 73,889	\$ 28,076
Income-discont. oper.	—	12,572
Net Income	\$ 73,889	\$ 40,648
Extraordinary gain	9,861	35,482
Net Income & extraord. gain	\$ 83,750	\$ 76,130

* Included in Costs and Expenses, Depreciation and Amortization: \$100,309,000 in 1986 and \$54,667,000 in 1985.

	Assets (000's)	1/31/87	1/25/86
As of			
Cash & short-term invest.	\$ 158,424	\$ 80,576	
Receiv., net	799,473	595,217	
Inventories	1,093,584	723,292	
Assets of discont. oper.	20,343	336,349	
Other curr. assets	78,847	57,188	
Current Assets	\$ 2,150,671	\$ 1,792,622	
Fixed assets	1,023,105	512,784	
Other assets	149,450	84,298	
Investments & other receiv.	41,197	36,334	
Purch. price in exc. of assets acq.	1,052,442	222,260	
Total Assets	\$ 4,416,865	\$ 2,648,298	

	Liabilities (000's)	1/31/87	1/25/86
Notes payable	\$ 25,185	\$ 54,549	
Long-term debt	25,470	140,902	
Accts. payable	397,185	238,295	
Accruals	497,485	361,044	
Other liabilities	9,673	9,276	
Current Liabilities	\$ 954,998	\$ 804,066	
Long-term debt	2,256,353	726,925	
Cap. lease oblig.	56,596	60,463	
Deferred inc. taxes	92,646	79,917	
+ Preferred stock	181	1,840	
+ Common stock	23,905	13,385	
Add. paid-in capital	958,699	962,851	
Retained earnings	60,501	1,021	
For. cur. trans. adjust.	12,986	(2,170)	
Total Liabilities & Shareholders' Equity	\$ 4,416,865	\$ 2,648,298	

* At lower of cost (FIFO, average or retail) or market, net in excess of net realizable value.

Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.15	—
%Net Income to Sales	1.55	—
%Net Income to Equity	7.00	4.16
Sales to Inventories	4.36	3.88
Debt to Equity	2.21	0.95
Working Capital	\$1,195,673,000	\$988,556,000
Current Ratio	2.25	2.23
Shareholders' Equity	\$1,056,272,000	\$976,927,000

Wiener Enterprises Inc.

5725 Powell Street
Harahan, Louisiana 70123
(504) 733-7055

Mailing address:

P.O. Box 23607
New Orleans, Louisiana 70183

Officers: Philip Birch, chairman of the board; David D. de Carle, vice chairman of the board; Sander N. Wiener, president

& chief executive officer; Norris J. Gremillion, exec. v.p.; J. Michael Doherty, sr. v.p., secretary and treasurer; John W.E. Sharp, exec. v.p.; J. Randy Ferguson, sr. v.p.; Frank C. Shows, v.p.

Directors: Philip Birch*, chairman; David D. de Carle*, Norris J. Gremillion*, Sander N. Wiener*, Allen A. Copping, Sidney C. Pulitzer, Stanley E. Ellington, Jr., Philip C. Keovil, Dean M. Haulton, C. Gorham Phillips, John W.E. Sharp*.

* Member of the Executive Committee.

Business Activities: Operates specialty apparel shops and shoe stores in Louisiana, Texas, Florida, Arkansas, Mississippi and Alabama. These stores operate under the names Shoe Town and Shoe Lodge, Danny's and The Ranch (apparel and shoe operations). Also operates seven "Builderama" building materials retail stores in Georgia and South Carolina.

Acquisition(s):

Builderama, Inc.

Transfer Agent(s):

Texas Commerce Bank, N.A.
Texas Commerce Tower - 600 Travis
Houston, Texas 77002

Stock Exchange(s): American

Ticker Symbol: WPB

Number of Stores: (at fiscal year end)

	1987	1986	1985	1984	1983
	119	112	101	88	81

Sales and Earnings

	Net Sales	Net Income †
1987	\$ 75,381,000	\$ 1,407,000
1986	58,194,000	1,996,000
1985	55,413,000	3,150,000
1984	51,054,000	3,050,000
1983	46,017,000	(1,063,000)

	No. of Com. Shares +	Earn. per Share †‡
1987	2,336,000	\$ 0.60
1986	2,336,000	0.85
1985	2,336,000	1.35
1984	2,318,000	1.32
1983	2,276,000	—

(Loss)

† Including extraordinary gain of \$530,000 (\$0.23 per share) in 1984.

+ Adjusted to reflect stock split.

‡ Based on the weighted average number of common shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1987	\$0.40	—	—
1986	0.40	—	—
1985	0.44	—	—
1984	0.035	—	2-for-1
1983	0.02	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1987	\$ 15,336,000	\$ 6.56
1986	14,863,000	6.36
1985	13,801,000	5.91
1984	11,642,000	5.03
1983	8,585,000	3.77

‡ Adjusted to reflect stock split.

Income Account *

Year ended	1/31/87	1/25/86
Net sales	\$ 75,381,000	\$ 58,194,000
Cost of sales	43,999,000	31,663,000

Wiener Enterprises Inc.

Expenses	28,090,000	22,564,000
Interest expense	661,000	502,000
Income before taxes	\$ 2,631,000	\$ 3,465,000
Income taxes	1,224,000	1,469,000
Net Income	\$ 1,407,000	\$ 1,996,000

* Included in Costs and Expenses, Depreciation and Amortization: \$1,991,000 in 1987 and \$1,727,000 in 1988.

As of	Assets	1/31/87	1/25/86
Cash	\$	505,000	\$ 383,000
Marketable securities		—	240,000
Receiv., net		2,011,000	1,015,000
*Merchandise inventory		19,354,000	15,141,000
Prepaid expenses		488,000	427,000
Current Assets	\$	22,358,000	\$ 17,206,000
Other assets		242,000	186,000
*Fixed assets		7,879,000	6,791,000
Intangibles		2,802,000	108,000
Total Assets	\$	33,281,000	\$ 24,291,000

Liabilities		
Notes payable	\$ 3,599,000	\$ 4,167,000
Long-term debt, curr.	50,000	215,000
Accts. pay. & accruals	6,345,000	3,594,000
Curr. Liabilities	\$ 9,994,000	\$ 7,976,000
Other liabilities	517,000	—
Long-term debt	7,434,000	1,452,000
+ Common stock	2,336,000	2,336,000
Add. paid-in capital	66,000	66,000
Retained earnings	12,934,000	12,461,000
Total Liabilities & Shareholders' Equity	\$ 33,281,000	\$ 24,291,000

* At lower of cost or market as determined by the retail method.
Less accumulated depreciation and amortization.
+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	3.49	5.95
%Net Income to Sales	1.87	3.43
%Net Income to Equity	9.17	13.43
Sales to Inventories	3.89	3.84
Debt to Equity	0.48	0.39
Working Capital	\$12,364,000	\$ 9,230,000
Current Ratio	2.24	2.16
Shareholders' Equity	\$15,336,000	\$14,863,000

The William Carter Company

963 Highland Avenue
Needham Heights, Massachusetts 02194
(617) 444-7500

Officers: Manson H. Carter, chairman of the board & chief exec. officer; Richard G. Holland, Jr., president & chief operating officer; James B. Haymes, sr. v.p.-finance; James F. Mulcahy, Jr., sr. v.p.-sales; Thomas W. Roberts, Jr., sr. v.p.-manufacturing; William H. Carter, II, sr. v.p.-international; John G. Heald, v.p.-national accounts; Richard P. Kirchner, v.p.-corporate planning; Jeremy R. Serwer, v.p.-Retail Division; Jack M. LaHargue, v.p.-sales, Southern Region; Robert L. White, v.p.-sales, Midwestern Region; L. Terry Louis, v.p.-sales, Eastern Region; Donald J. Griffin, exec. v.p.-marketing; John A. MacEachern, v.p.-sales, Western Region; Thomas A. Moore, treasurer; Fred L. Morse, asst. treasurer & asst. secretary; David Y. Gardner, controller; Stephen W. Carter, clerk.

Directors: Richard G. Holland, Jr., Dana P. Carter, Manson H. Carter, Richard O. Howe, Richard W. Southgate, E. Morton Jennings, Jr., William H. Carter II, Donald J. Griffin, Ellis E. Meredith.

Business Activities: Engaged in the production and sale of infantswear and playwear, sleepwear and underwear for chil-

dren, under the brand name of "Carter's." Operates outlet stores which sell irregulars, closeout merchandise, and non-Company products.

Transfer Agent(s):

The William Carter Company
Needham Heights, Massachusetts

Stock Exchange(s): Over-the-Counter.

Number of Stores: (at fiscal year end)

1986	62	1983	62
1985	67	1982	56
1984	72		

Sales and Earnings

	Net Sales	Net Income †
1986	\$ 184,989,000	\$ 206,000
1985	211,453,000	3,063,000
1984	219,230,000	5,543,000
1983	210,000,000	7,585,000
1982	192,191,000	6,878,000

	No. of Com. Shares ‡	Earn. per Share ‡†
1986	1,727,732	\$ 0.12
1985	1,724,564	1.78
1984	1,717,637	3.23
1983	1,696,723	4.47
1982	1,682,970	4.09

† Including extraordinary gain of \$1,751,000 (\$1.02 per share) in 1984.

‡ Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock splits.

Common Stock

	Cash Dividend‡	Stock Dividend	Stock Split
1986	\$0.80	—	—
1985	0.80	—	—
1984	0.77½	—	3-for-2
1983	0.67½	—	—
1982	0.59½	—	2-for-1

‡ Adjusted to reflect stock splits.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 72,844,000	\$ 42.08
1985	73,900,000	42.83
1984	72,254,000	41.89
1983	67,740,000	39.73
1982	61,022,000	36.15

‡ Adjusted to reflect stock splits.

Income Account *

Year ended	1/3/87	12/28/85
Net sales	\$ 184,989,000	\$ 211,453,000
Cost of sales	133,759,000	154,376,000
Expenses	47,950,000	48,499,000
Interest expense	4,004,000	4,407,000
Other income	(999,000)	(884,000)
Income before taxes	\$ 275,000	\$ 5,055,000
Income taxes	69,000	1,992,000
Net Income	\$ 206,000	\$ 3,063,000

* Included in Costs and Expenses, Depreciation: \$4,689,000 in 1986 and \$4,232,000 in 1985.

As of	Assets	1/3/87	12/28/85
Cash	\$	493,000	\$ 1,502,000
Accts. receiv., net		18,168,000	24,138,000
*Inventories		74,068,000	66,747,000
Prepaid expenses		2,833,000	2,185,000
Current Assets	\$	95,562,000	\$ 94,572,000

#Fixed assets	31,882,000	31,425,000
Construc. funds held in escrow	671,000	839,000
Cap. leases	3,813,000	4,148,000
Total Assets	\$ 131,928,000	\$ 130,984,000

Liabilities		
Notes payable	\$ 2,836,000	\$ 2,836,000
Accts. payable	6,011,000	7,028,000
Accruals	5,545,000	6,567,000
Other liab.	2,677,000	2,661,000

Curr. Liabilities	\$ 17,069,000	\$ 19,092,000
Notes payable	35,118,000	32,190,000
Deferred inc. taxes	8,897,000	5,802,000
+ Common stock	8,672,000	8,645,000
Add. paid-in capital	234,000	141,000
Retained earnings	64,047,000	65,223,000
Treasury stock	(109,000)	(109,000)

Total Liabilities & Shareholders' Equity	\$ 131,928,000	\$ 130,984,000
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* At lower of cost (FIFO) or market.

Less accumulated depreciation.

+ \$5 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.15	2.39
%Net Income to Sales	0.11	1.45
%Net Income to Equity	0.28	4.14
Sales to Inventories	2.50	3.17
Debt to Equity	0.52	0.47
Working Capital	\$78,493,000	\$75,480,000
Current Ratio	5.60	4.95
Shareholders' Equity	\$72,844,000	\$73,900,000

Winn-Dixie Stores, Inc.

5050 Edgewood Court
Post Office Box B
Jacksonville, Florida 32203
(904) 783-5000

Officers: Robert D. Davis, chairman of the board; A. Dano Davis, president; F.L. James*, exec. v.p.; S.W. Evans*, R.J. Holmes*, James Kufeldt*, C.H. McKellar*, sr. v.p.'s; T. Wayne Davis, Jr., T.N. Alexander, O.D. Carpenter, J.H. Childers, C. Lester Cotton, F.W. Hammond, T.E. McDonald, D.L. Kimsey, L.G. Libby, H.F. Minshew, T.H. Moss, L.B. Perry, C.R. Raulerson, L.J. Sadiowski, E.T. Walters, G.P. Woodward, Jack P. Jones, R.P. McCook*, J.J. Pecnik, W.F. Brim, C.E. Winge, R.J. Ehster, H.E. Hess, H.E. Miller, J.R. Pownall, T.D. Raspberry, vice presidents; D.M. Bragin, treasurer; J. Shephard Bryan, Jr., v.p., gen. counsel & secretary; H.S. Wadford, controller.

Directors: R.D. Davis*, chairman; James E. Davis*, A.D. Davis*, A. Dano Davis*, T. Wayne Davis, Jr., J. Shephard Bryan, Jr., J.C. Pace, Jr., C.W. Waldorf, Sam M. Walton, Radford D. Lovett, Charles P. Stephens, F.L. James*.

* Member of the Executive Committee.

Business Activities: Operates Winn-Dixie food stores in Florida, Georgia, North Carolina, South Carolina, Alabama, Mississippi, Louisiana, Virginia, Kentucky, Tennessee, Indiana, Oklahoma and Texas.

Divisions:

Jacksonville Division
5050 Edgewood Court
Box B
Jacksonville, Florida 32203

Greenville Division
Wade Hampton Boulevard
P.O. Box 1088
Greenville, South Carolina 29602

Montgomery Division
1550 Jackson Ferry Road
P.O. Box 2029
Montgomery, Alabama 36103

Tampa Division
2400 E. Hillsboro Avenue
P.O. Box 440
Tampa, Florida 33601

Atlanta Division
5400 Fulton Industrial Boulevard
P.O. Box 4809
Atlanta, Georgia 30331

Raleigh Division
2201 S. Wilmington Street
P.O. Box 511
Raleigh, North Carolina 27602

Louisville Division
720 Locust Lane
P.O. Box 17121, Shelby Station
Louisville, Kentucky 40217

New Orleans Division
600 Edwards Avenue
P.O. Box 51509
New Orleans, Louisiana 70150

Charlotte Division
1105 Nevada Boulevard
Post Office Box 10156
Charlotte, North Carolina 28237

Orlando Division
4401 Seaboard Road
Orlando, Florida 32808

Miami Division
1141 S. W. 12th Avenue
Pompano Beach, Florida 33064

Fort Worth Division
5500 S. Freeway
Fort Worth, Texas 76115

Transfer Agent(s):
American Trans Tech, Inc.
New York, New York
Jacksonville, Florida

Stock Exchange(s): New York

Ticker Symbol: WIN

Number of Stores: (at fiscal year end)

1986 [*]	1,262	1983	1,210
1985	1,262	1982	1,222
1984	1,231		

Sales and Earnings

	Net Sales (000's)	Net Income (000's)	No. of Com. Shares †	Earn. per Share ‡
1986	\$ 8,225,244	\$ 116,391	41,300,000	\$ 2.84
1985	7,774,480	107,895	40,900,000	2.64
1984	7,302,369	115,916	41,000,000	2.83
1983	7,018,605	113,460	41,900,000	2.72
1982*	6,764,472	103,513	41,200,000	2.51

* 53 weeks.

† Adjusted to reflect stock split.

‡ Based on common shares and common shares class B combined adjusted to reflect stock split.

Common Stock

	Cash Dividend†	Stock Dividend	Stock Split
1986	\$1.74	—	—
1985	1.68	—	—
1984	1.56	—	5-for-3
1983	1.44	—	—
1982	1.30	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share ‡
1986	\$ 704,558,000	\$ 17.06
1985	646,777,000	15.81
1984	608,673,000	14.85
1983	582,823,000	13.91
1982	514,618,000	12.49

‡ Adjusted to reflect stock split.

Income Account *

Year ended	6/25/86	6/26/85
Net sales	\$ 8,225,244	\$ 7,774,480
Cost of sales	6,371,124	6,061,220
Expenses	1,731,323	1,604,474
Other income	(82,927)	(74,854)
Interest expense	13,346	11,045
Income before taxes	\$ 192,378	\$ 172,595
Income taxes	75,987	64,700
Net Income	\$ 116,391	\$ 107,895

* Included in Costs and Expenses, Depreciation and Amortization: \$162,300,000 in 1986 and \$158,572,000 in 1985.

Assets (000's)

As of	6/25/86	6/26/85
Cash & marketable securities	\$ 180,556	\$ 117,322
Receiv., net	73,715	57,404
*Inventories	548,060	503,953
Prepaid expenses	27,359	26,089
Current Assets	\$ 829,690	\$ 704,768
Investments & other assets	26,191	21,277
#Fixed assets	499,473	512,693
Total Assets	\$ 1,355,354	\$ 1,238,738

Liabilities (000's)

Accts. payable	\$ 293,888	\$ 279,017
Accruals	178,825	151,530
Cap. lease oblig., curr.	2,644	2,973
Income taxes	24,167	20,755
Current Liabilities	\$ 499,524	\$ 454,275
Cap. lease oblig.	74,102	69,672
Other long-term debt	24,950	25,290
Reserve for self-ins.	52,220	42,724
+ Common stock	42,299	45,799
Retained earnings	675,827	688,962
Treasury stock	(13,568)	(87,984)
Total Liabilities & Shareholders' Equity	\$ 1,355,354	\$ 1,238,738

* At lower of cost or market. Merchandise at LIFO; mfg. and produce at FIFO.

Less accumulated depreciation and amortization.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.34	2.22
%Net Income to Sales	1.42	1.39
%Net Income to Equity	16.52	16.68
Sales to Inventories	15.01	15.43
Debt to Equity	0.14	0.15
Working Capital	\$330,166,000	\$250,493,000
Current Ratio	1.66	1.55
Shareholders' Equity	\$704,558,000	\$646,777,000

Wisconsin Toy Company, Inc.

710 North Plankinton Avenue
Milwaukee, Wisconsin 53203
(414) 274-2575

Officers: Phillip Cohen, chairman of the board & chief executive officer; Leslie Mendelsohn, president & chief operating officer; Richard M. Wilson, v.p. & president-retail operations; Jay Cohen, Armen Bahadurian, James B. Young, v.p.'s; Henry H. Katz, v.p.-retail operations; Hugh S. McManus, v.p., general counsel & secretary; Ronald E. Skelton, v.p.-finance & treasurer.

Directors: Phillip Cohen, chairman of the board; Leslie Mendelsohn, Richard M. Wilson, Jay Cohen, Joseph J. Zibler, Gerald Stein, James F. Janz, Fred A. Riebe, Robert B. Siegel.

Business Activities: Operates six retail close-out toy stores under the name "Toy Liquidators" in New York, New Jersey, Virginia, Pennsylvania and Florida. Also operates a wholesale close-out toy business.

Transfer Agent(s):

First Bank, N.A.
Milwaukee, Wisconsin

Stock Exchange(s): Over-the-Counter

Ticker Symbol: WTOY (NASDAQ)

Number of Stores: (at fiscal year end)

1987 6

Sales and Earnings

	Net Sales	Net Income †
1987	\$ 37,466,000	\$ 2,844,000
1986	21,964,000	754,000
1985	23,306,000	770,000
1984	23,269,000	810,000
1983	18,633,000	833,000
	No. of Com. Shares	Earn. per Share ‡ +
1987	3,750,000	\$ 0.71

+ Pro forma; unaudited.

† Including extraordinary gains of \$567,000 (\$0.14 per share) in 1987 and \$420,000 in 1983.

‡ Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business

	1986	1985
Retail	\$ 1,732,000	\$ 737,000
Wholesale	35,734,000	21,227,000
Total	\$ 37,466,000	\$ 37,466,000

Equity

	Total Equity	Equity Per Share
1987	\$ 704,558,000	\$ 1.46
1986	646,777,000	—
1985	608,673,000	—
1984	582,823,000	—
1983	514,618,000	—

Income Account *

Year ended Feb. 25	1987	1986
Net sales	\$ 37,466,000	\$ 21,964,000
Cost of sales	26,907,000	16,518,000
Expenses	5,068,000	3,447,000
Interest expense	861,000	943,000
Interest income	(238,000)	(511,000)
Income before taxes	\$ 4,868,000	\$ 1,567,000
Income taxes	2,591,000	813,000
Net Income	\$ 2,277,000	\$ 754,000
Extraord. gain	567,000	—
Net Income & extraord. gain	\$ 2,844,000	\$ 754,000

Wisconsin Toy Company, Inc.

* Included in Costs and Expenses, Depreciation and Amortization: \$190,000 in 1987 and \$141,000 in 1986.

As of Feb. 28	Assets	
	1987	1986
Cash	\$ 132,000	\$ 149,000
Accts. receiv., net	6,192,000	3,156,000
*Inventories	8,962,000	7,840,000
Prepaid expenses	122,000	88,000
Due from affil.	—	4,169,000
Current Assets	\$ 15,408,000	\$ 15,402,000
Note receivable	86,000	132,000
*Fixed assets	557,000	485,000
Other assets	399,000	429,000
Total Assets	\$ 16,450,000	\$ 16,448,000
As of Feb. 28	Liabilities	
	1987	1986
Long-term debt, curr.	\$ 600,000	\$ 1,175,000
Accts. payable	2,042,000	2,342,000
Accruals	241,000	115,000
Current Liabilities	\$ 2,883,000	\$ 3,632,000
Long-term debt	8,085,000	5,178,000
+ Common stock	38,000	4,000
Add. paid-in capital	973,000	1,007,000
Retained earnings	4,471,000	6,627,000
Total Liabilities & Shareholders' Equity	\$ 16,450,000	\$ 16,448,000

* At lower of cost (FIFO) or market.
 † Less accumulated depreciation and amortization.
 + \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	12.99	7.13
%Net Income to Sales	6.08	3.43
%Net Income to Equity	41.54	9.87
Sales to Inventories	4.18	2.80
Debt to Equity	1.58	0.83
Working Capital	\$12,525,000	\$11,770,000
Current Ratio	5.34	4.24
Shareholders' Equity	\$ 5,482,000	\$ 7,638,000

Wolohan Lumber Co.

1740 Midland Road
 P.O. Box 3235
 Saginaw, Michigan 48605
 (517) 793-4532

Officers: David F. Wallace, chairman of the board & chief exec. officer; James L. Wolohan, president & chief operating officer; Robert F. Anderson, exec. v.p., secretary & chief financial officer; Thomas R. Wolohan, v.p.-corporate development; David G. Honaman, v.p.-administration; Edward J. Dean, controller; Gary D. Sellers, v.p.-operations; Timothy J. Stein v.p.-merchandising; James R. Krapohl, treasurer & asst. secretary.

Directors: David F. Wallace, chairman; Robert F. Anderson, Richard V. Wolohan, James L. Wolohan, Herbert H. Lyon, Hugo E. Braun, Jr., Ervin E. Wardlow.

Business Activities: Operates a chain of building materials retail centers located in Illinois, Indiana, Michigan, Ohio, Wisconsin and Kentucky.

Transfer Agent(s):

National Bank of Detroit
 611 Woodward Avenue
 Detroit, Michigan 48226

Stock Exchange(s):

Over-the-Counter

Ticker Symbol:

WLHN (NASDAQ)

Number of Stores: (at fiscal year end)

1986	39	1983	35
1985	35	1982	32
1984	34		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 194,351,000	\$ 5,278,000
1985	150,732,000	3,492,000
1984	139,171,000	2,632,000
1983	112,358,000	1,348,000
1982	89,178,000	638,000
	No. of Com. Shares ‡	Earn. per Share ‡
1986	5,860,000	\$ 0.90
1985	5,853,000	0.60
1984	5,860,000	0.45
1983	5,873,000	0.23
1982	5,844,000	0.11

‡ Based on the average number of shares outstanding.

Revenues By Line of Business

	1986	1985	1984	1983
Dimension lumber	13.2%	11.9%	11.7%	12.4%
Sheathing plywood	6.9	6.9	7.1	7.5
Other forest products	14.6	14.9	14.1	14.1
Building materials	19.2	20.9	21.5	21.5
Building hardware	9.0	8.6	7.9	7.3
Home decoration	2.8	3.3	3.5	3.5
Millwork	17.9	17.7	17.9	17.3
Home appliances	3.7	3.3	3.6	3.8
Plumbing, heating & electrical	9.4	9.6	9.8	9.7
Trusses & components	3.3	2.9	2.9	2.9
Total	100.0%	100.0%	100.0%	100.0%

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$0.17	—	—
1985	0.16	—	—
1984	0.16	—	—
1983	0.08	—	—
1982	—	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 35,637,000	\$ 6.08
1985	31,296,000	5.35
1984	28,740,000	4.91
1983	27,200,000	4.62
1982	26,166,000	4.47

Income Account *

Year ended Dec. 31	1986	1985
Net sales	\$ 194,351,000	\$ 150,732,000
Cost of sales	143,914,000	111,146,000
Other income	(2,125,000)	(1,354,000)
Expenses	37,444,000	30,137,000
Depreciation	3,218,000	2,632,000
Interest expense	1,973,000	1,750,000
Income before taxes	\$ 9,927,000	\$ 6,421,000
Income taxes	4,649,000	2,929,000
Net Income	\$ 5,278,000	\$ 3,492,000

* Included in Costs and Expenses, Depreciation: \$3,218,000 in 1986 and \$2,632,000 in 1985.

Assets

As of Dec. 31	1986	1985
Cash	\$ 1,274,000	\$ 1,705,000
Short-term paper	14,926,000	4,527,000
Trade receiv.	11,503,000	7,195,000
*Inventories	18,951,000	19,922,000
Other	279,000	1,346,000
Current Assets	\$ 46,933,000	\$ 34,695,000
*Fixed assets	32,447,000	29,522,000
Other assets	1,629,000	1,834,000
Total Assets	\$ 81,009,000	\$ 66,051,000

Liabilities

Long-term debt, curr.	\$ 646,000	\$ 766,000
Accts. payable	12,543,000	7,389,000
Employee compensation & accruals	7,109,000	4,280,000
Contrib. to profit sharing trust	1,009,000	576,000
Income taxes	2,576,000	1,353,000
Current Liabilities	\$ 23,883,000	\$ 14,364,000
Long-term debt	18,826,000	17,941,000
Deferred inc. taxes	2,663,000	2,450,000
+ Common stock	5,893,000	5,883,000
Add. paid-in capital	793,000	744,000
Retained earnings	29,105,000	24,823,000
Treasury stock	(154,000)	(154,000)
Total Liabilities & Shareholders' Equity	\$ 81,009,000	\$ 66,051,000

* At lower of cost (LIFO) or market.

† Less accumulated depreciation.

+ \$1 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.11	4.26
%Net Income to Sales	2.72	2.32
%Net Income to Equity	14.81	11.16
Sales to Inventories	10.26	7.57
Debt to Equity	0.53	0.60
Working Capital	\$23,050,000	\$20,331,000
Current Ratio	1.97	2.42
Shareholders' Equity	\$35,637,000	\$31,296,000

Woodward Stores Limited

101 West Hastings Street
 Vancouver, British Columbia
 Canada

Officers: Charles Namby Wynn Woodward, chairman of the board & chief executive officer; Frank Allen Robertson, president & chief operating officer; William George Brown, sr. v.p.-distribution & operations; Marco Gandossi, exec. v.p.-finance & secretary; Philip Charles McComb, sr. v.p.-Alberta Region; William J.D. Woodward, exec. v.p.-merchandising; George Richard Bailey, v.p.-marketing; James D. Gilbert, v.p.-fashions; James R. Jones, v.p.-real estate & development; Thomas N. Sebal, v.p.-human resources; Christopher C. Woodward, sr. v.p.-merchandising; J.A. Hopkins, v.p.-planning & buildings; Larry W. Seniowski, controller; George J. Clark, v.p.-food operations; Patricia A. Fisher, v.p.-info. services, fashions & yardgoods.

Directors: Charles Namby Wynn Woodward*, chairman; Rose Bancroft, William George Brown, Charles Reginald Claridge, William Douglas Haig Gardiner, James Norman Hyland, Philip Charles McComb, Frank Allan Robertson*, John Martin Tennant*, Robert Arthur White*, Margaret Elizabeth Southern, Joseph L. Braithwaite, William J.D. Woodward, Marco Gandossi*.

* Member of the Executive Committee.

Business Activities: Owns and operates retail outlets through 26 locations in British Columbia and Alberta. There are 23 Woodward's department stores, one free-standing food floor, one Abercrombie & Fitch specialty store offering high quality casual apparel and sporting goods products, and one Woodward Store, offering moderately priced family fashions, linens and bedding.

Subsidiaries:

Woodward Acceptance Company Limited
 Abercrombie & Fitch Co. (Canada) Inc.
 Locarno Investments Limited
 Thirty-one Purchasing Service Limited
 Deli Farm Food Processors Limited
 Lansdowne Food Fair Services Limited
 Woodward Stores (London) Limited

Transfer Agent(s):

Woodward Stores Limited
 Vancouver, British Columbia

Montreal Trust Company
 Toronto, Ontario; Montreal, Quebec; Edmonton, Alberta

Stock Exchange(s): Montreal, Toronto, Vancouver, Alberta

Ticker Symbol: WDSA

Number of Stores: (at fiscal year end)

1987	26	1984	26
1986	26	1983	26
1985	24		

Sales and Earnings

	Net Sales † (000's)	Net Income × (000's)
1987*	\$1,126,206,000	\$ (6,733,000)
1986	1,106,547,000	5,272,000
1985	1,078,603,475	2,778,025
1984	1,103,876,333	4,835,888
1983	1,087,926,017	8,435,968

	No. of Com. Shares	Earn. per Share ‡
1987*	16,769,588	\$ —
1986	15,861,113	0.34
1985	15,354,821	0.18
1984	15,077,631	0.33
1983	15,274,164	0.58

(Loss)

* 53 weeks.

† Including service charges.

× Excluding extraordinary items.

‡ Based on the weighted average number of shares outstanding.

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1987	\$0.35	—	—
1986	0.40	—	—
1985	0.50	—	—
1984	0.60	—	—
1983	0.59	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1987	\$ 141,224,000	\$ 8.42
1986	148,436,000	9.36
1985	219,526,000	14.30
1984	194,623,000	12.91
1983	192,744,000	12.62

Income Account
(000's)

Year ended	1/31/87 (53 weeks)	1/25/86
Net sales	\$ 1,126,206	\$ 1,106,547
Gain on sales	3,732	—
Other income	5,863	6,425
Total	\$ 1,135,801	\$ 1,112,972
Cost of goods sold	874,494	845,102
General expenses	243,304	241,540
Profit shares & retirement fund	2,957	2,457
Depreciation & amort.	15,311	13,612
Interest expense	18,936	11,474
Loss before taxes	\$ (19,201)	\$ (1,213)
Tax credit	(12,468)	(3,700)
Inc. (loss)-cont. oper.	\$ (6,733)	\$ 2,487
Inc. - discont. oper.	—	2,785
Net Income (Loss)	\$ (6,733)	\$ 5,272
Extraordinary item	(1,008)	4,018
Net Income (Loss) & extraord. item	\$ (7,741)	\$ 9,290
Assets (000's)		

As of	1/31/87	1/25/86
Cash	\$ 4,378	\$ 3,710
Marketable securities	5,142	1,439

Accts. receiv., net	97,700	106,362
* Inventories	176,274	179,449
Prepaid expenses	3,296	2,620

Current Assets	\$ 286,790	\$ 293,580
Investments	3,048	2,145
# Fixed assets	77,683	78,371
Assets under cap. leases	9,143	10,570
Def. inc. taxes	14,418	2,480
Other assets	4,684	2,435

Total Assets	\$ 395,766	\$ 389,581
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Liabilities
(000's)

Notes payable	\$ 48,784	\$ 36,613
Long-term debt, curr. & cap. lease oblig. curr.	28,795	1,366
Accts payable & accruals	74,128	77,026
Curr. Liabilities	\$ 151,707	\$ 115,005
Long-term debt	79,882	101,207
Cap. lease oblig.	9,345	10,484
Deferred gain on sale	11,017	11,835
Other accrued liab.	2,591	2,614
+ Common stock	20,651	14,494
Add. paid-in capital	1,270	1,270
Retained earnings	119,303	132,672

Total Liabilities & Shareholders Equity	\$ 395,766	\$ 389,581
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* At lower of cost and net realizable value.

Less accumulated depreciation.

+ No par value.

Statistical Summary

%Net Income to Equity	—	3.55
Sales to Inventories	6.39	6.17
Debt to Equity	0.57	1.01
Working Capital	\$135,083,000	\$178,575,000
Current Ratio	1.89	2.55
Shareholders' Equity	\$141,224,000	\$148,436,000

F.W. Woolworth Co.

Woolworth Building
233 Broadway
New York, New York 10279
(212) 553-2000

Officers: Harold E. Sells, chairman of the board & chief exec. officer; Frederick E. Hennig, president & chief operating officer; Arnold S. Anderson, exec. v.p.-administration & general counsel; John H. Cannon, v.p. & treasurer; William K. Lavin, exec. v.p. & chief financial officer; vice presidents: Joseph F. Carroll-public affairs; Ted M. Annenberg-deputy general counsel; Roy L. Garofalo-investor relations; Aubrey C. Lewis-corporate liaison; C. Jackson Gray-corporate planning & development; Thomas E. Page-controller; Henry C. Miner III-taxation; Charles T. Young-management information systems; William B. Thomson, secretary; assistant vice presidents: Jacqueline D. Delafuente-law dept., James J. O'Neill-taxation; Glen R. Goff-general auditor; Michael T. Steven, Laura T. Kirsner, asst. controllers; Gary M. Bahler, Christopher J. Hoey, S. William Manterla, James J. Pirretti, George K. Schubert, Frances E. Trachter, asst. secretaries; Alfonso E. Sells, asst. treasurer.

Directors: Harold E. Sells*, chairman; Fred Kirby*, Seymour H. Knox III*, Andrew F. Peck*, Margaret P. MacKimm*, John W. Adams*, Jarobin Gilbert, Jr.*, Eugene J. Sullivan*, James E. Preston*, Hellen Galland*, John J. Mackowski*, John W. Lynn*, Frederick E. Hennig.

* Member of the Executive Committee.

Business Activities: Operates a chain of 1,851 variety stores under the Woolworth name throughout the United States and in Mexico, Canada, the Caribbean Islands, West Germany and Puerto Rico. Also operates 119 Woolco Department Stores in Canada, a men's and women's wear chain of 310 stores, under

the name of The Richman Brothers Company or Anderson-Little, the 3,740 Kinney Shoe Stores and leased departments in the United States, Canada and Australia under the names Kinney, Frugal Frank's, Foot Locker, Lady Foot Locker, Fredelle, and Susie's, among others. Also operates 277 Little Folk Shop stores under the names Kids Mart and Little Folk. These stores sell children's and infants' apparel. In addition, The Company operates three The Rx Place drugstores.

Divisions and Subsidiaries:

F.W. Woolworth Co. Limited, Canada
F.W. Woolworth Co. G.m.b.H., Germany

Kinney Shoe Corporation
New York, New York

The Richman Brothers Company
Cleveland, Ohio

The RX Place
Holtzman's Little Folk Shop, Inc.
U.S. Woolworth Division
Woolworth Overseas Corp.
Woolworth Mexicana, S.A. de C.V. (49% owned)

Transfer Agent(s):

Morgan Shareholder Services Trust Company
30 West Broadway
New York, New York 10007

Stock Exchange(s): New York, Midwest, Pacific, Boston, Cincinnati, Philadelphia

Ticker Symbol: Z

Number of Stores: (at fiscal year end)*

1986	6,309	1983	5,276
1985	5,822	1982	5,124
1984	5,569		

* Including leased departments.

Sales and Earnings

	Net Sales †	Net Income ‡
1986	\$6,501,000,000	\$ 214,000,000
1985	5,958,000,000	177,000,000
1984	5,737,000,000	141,000,000
1983	5,456,000,000	118,000,000
1982	5,124,000,000	(353,000,000)

	No. of Com. Shares †	Earn. per Share ‡
1986	65,000,000	\$ 3.25
1985	64,000,000	2.75
1984	63,000,000	2.22
1983	63,000,000	1.86
1982	61,000,000	1.31

(Loss)

‡ Includes sales of leased departments; of continuing operations only.

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend †	Stock Dividend	Stock Split
1986	\$1.12	—	2-for-1
1985	1.00	—	—
1984	0.90	—	—
1983	0.90	—	—
1982	0.90	—	—

† Adjusted to reflect stock split.

Common Stock Equity

	Total Equity ‡ (000's)	Equity Per Share †
1986	\$1,473,000,000	\$ 22.49
1985	1,205,000,000	18.80
1984	1,028,000,000	16.34
1983	1,005,000,000	15.96
1982	967,000,000	15.78

† Adjusted to reflect stock split.

‡ After allowing for preferred stock at involuntary liquidation value.

F.W. Woolworth Co.

Income Account (000's)			
Year ended Jan. 31	1987	1986	
Net sales	\$ 6,501,000	\$ 5,958,000	
Other income	30,000	32,000	
Total Income	\$ 6,531,000	\$ 5,990,000	
Cost of sales	4,287,000	3,952,000	
Expenses	1,689,000	1,545,000	
Depreciation & amortization	125,000	111,000	
Interest expense	56,000	68,000	
Income before taxes	\$ 374,000	\$ 314,000	
Income taxes	160,000	137,000	
Net Income	\$ 214,000	\$ 177,000	
Assets			
As of Jan. 31	1987	1986	
Cash	\$ 239,000	\$ 143,000	
*Inventories	1,327,000	1,264,000	
Other assets	118,000	114,000	
Current Assets	\$ 1,684,000	\$ 1,521,000	
#Fixed assets	978,000	838,000	
Leased prop. under cap. leases	91,000	90,000	
Other assets	97,000	86,000	
Total Assets	\$ 2,850,000	\$ 2,535,000	
Liabilities			
Long-term debt & cap. lease oblig., curr.	\$ 18,000	\$ 14,000	
Accts. payable	455,000	454,000	
Accruals	293,000	262,000	
Res. for discount oper.	20,000	26,000	
Dividends payable	18,000	16,000	
Income taxes	77,000	59,000	
Curr. Liabilities	\$ 881,000	\$ 831,000	
Long-term debt	248,000	245,000	
Other liabilities	90,000	74,000	
Oblig. under cap. leases	110,000	111,000	
Defer. income taxes	37,000	30,000	
Reserve - discount oper.	—	21,000	
+ Preferred stock	1,000	2,000	
+ + Common stock	236,000	128,000	
Retained earnings	1,239,000	1,181,000	
Treasury stock	(13,000)	(6,000)	
For. curr. trans. adj.	21,000	(82,000)	
Total Liabilities & Shareholders' Equity	\$ 2,850,000	\$ 2,535,000	

* At lower of cost or market. LIFO for domestic inventories; FIFO for foreign.
Less accumulated depreciation.
+ \$1 par value. \$2.20 Series A, convertible.
++ \$3 1/4 par value.

Statistical Summary

%Income bef. Taxes to Sales	5.75	5.27
%Net Income to Sales	3.29	2.97
%Net Income to Equity	14.42	14.47
Sales to Inventories	4.90	4.71
Debt to Equity	0.17	0.30
Working Capital	\$ 803,000,000	\$ 690,000,000
Current Ratio	1.91	1.83
Shareholders' Equity	\$1,484,000,000	\$1,223,000,000

Zale Corporation

(Acquired by Peoples Jewellers Limited and Swarovski International Holding A.G. in December 1986.)

Executive Offices:

901 West Walnut Hill Lane
Irving, Texas 75038-1003
(214) 580-4000

Officers: Donald Zale, chairman of the board & chief executive officer; Bruce A. Lipshy, president & chief operating

officer; Marvin Zale, vice chairman; Richard F. Mitchell, vice chairman of the board & chief administrative officer; Michael B. Hacker, Michael C. Barlerin, Jerry W. Daws, William R. Gutow, John I. Mitchell, sr. v.p.'s; Dolph B.H. Simon, sr. v.p.-gen. counsel & secretary; Gene Morphis, sr. v.p.; Jean S. Barrow, Don L. Bolen, Edward Jaben, Harry Johnson, Barry Pasarew, Michael Romaine, Leonard H. Schwartz, Gary I. Karstel, Lynn Reynolds, Craig B. Sorrels, v.p.'s; Jerold Grubstein, sr. v.p. & controller; Walter H. Harvey, v.p. & treasurer; Kenneth M. Masson, Joe D. Underwood, asst. treasurers; Merrill J. Wertheimer, v.p. & controller; B.F. Godfrey, Jr., asst. secretary.

Directors: Leo Fields*, Dean P. Guerin, Marvin Zale*, G. Myrph Foote*, Richard F. Mitchell, John P. Weinel, Donald Zale*, Bruce A. Lipshy*, Robert H. Bloom, Harvey R. Mitchell, Bertrand Gerstein, Irving E. Gerstein, William V. Robins, James Gillies, Joseph R. Musolino.

* Member of the Executive Committee.

Business Activities: Operates a nationwide chain of specialty retail jewelry stores and leased jewelry departments. The Zale Division serves Middle America with 817 stores, while Bailey Banks and Biddle Jewelers is comprised of 309 carriage trade jewelry stores operating under 378 trade names. Diamond Park Fine Jewelers operates jewelry departments in 215 department, discount and specialty stores. The company also purchases, manufactures and wholesales jewelry; supplies military post exchanges with insignia and jewelry articles; operates insurance companies.

Divisions:

Zale Jewellers
3000 Diamond Park Drive
Dallas, Texas 75247
(214) 634-4011

Bailey, Banks & Biddle Jewelers
450 West 33rd Street
New York, New York 10001
(212) 560-1100

Diversified Group:

Diamond Park Fine Jewelers
3000 Diamond Park Drive
Dallas, Texas 75247
(214) 634-4011

Mission Jewelers

Catalog Showrooms
3000 Diamond Park Drive
Dallas, Texas 75247
(214) 634-4011
Operates 13 showrooms under the name O.G. Wilson.

Aeroplex Stands, Inc.
Operates 88 airport concession stands.

Willoughby & Taylor Ltd.
Markets jewelry through mail order catalogs.

International Retail Operations:

Christ Jewellers, Europe
Hanau, West Germany
Operates 86 retail jewelry outlets in West Germany and Switzerland.

Zale Jewellers Ltd., U.K.
England
Operates 113 stores.

Number of Stores: (at fiscal year end)

1986	1,528	1983	1,310
1985	1,577	1982	1,447
1984	1,552		

Sales and Earnings

	Net Sales +	Net Income
1986	\$1,107,173,000	\$ (61,125,000)
1985	1,054,338,000	38,802,000
1984	1,003,219,000	35,387,000
1983	939,756,000	(6,118,000)
1982	962,039,000	33,252,000
	No. of Com. Shares #	Earn. per Share #
1986	12,315,000	\$ —
1985	12,125,000	3.20

1984	11,763,000	3.01
1983	11,302,000	—
1982	11,201,000	2.97

(Loss)

+ Of continuing operations only.

Based on the average number of common shares and common share equivalents outstanding.

Common Stock

	1986 Dividend	1985 Dividend	1984 Dividend
1986	\$1.32	—	—
1985	1.305	—	—
1984	1.26	—	—
1983	1.26	—	—
1982	1.235	—	—

Common Stock Equity

	Total Equity ‡	Equity Per Share #
1986	\$ 411,738,000	\$ 33.43
1985	465,459,000	38.39
1984	438,292,000	37.26
1983	404,334,000	35.78
1982	419,183,000	37.42

‡ After allowing for preferred stock at total liquidation preference.

Based on the average number of shares outstanding.

Income Account * (000's)

Year ended March 31	1986	1985
Net sales	\$ 1,107,173	\$ 1,054,338
Cost of sales	714,463	643,762
Expenses	332,913	310,080
Interest expense	31,922	40,694
Unusual items	120,100	—
Inc. (loss) bef. taxes	\$ (92,225)	\$ 59,802
Income taxes (credit)	(31,100)	21,000
Net Income (Loss)	\$ (61,125)	\$ 38,802

* Included in Costs and Expenses, Depreciation and Amortization: \$26,158,060 in 1986 and \$25,167,000 in 1985.

Assets (000's)

As of March 31	1986	1985
Cash	\$ 16,718	\$ 9,175
Accts. receiv., net	326,433	290,178
*Inventories	456,878	399,297
Other assets	27,106	21,670
Current Assets	\$ 827,135	\$ 720,320
#Fixed assets	138,060	183,307
Other assets	39,332	51,541
Total Assets	\$ 1,004,527	\$ 955,168

Liabilities (000's)

Notes payable	\$ 133,769	\$ 17,136
Long-term debt, curr.	7,316	5,860
Accts. payable	42,518	32,134
Accrued payroll	17,153	16,882
Losses for bus. restruc.	27,786	—
Other taxes	59,544	88,685
Accrued expenses	45,813	33,292
Curr. Liabilities	\$ 333,899	\$ 193,989
Long-term debt	234,860	263,540
Deferred income taxes	21,730	29,380
+ Preferred stock	76	92
+ + Common stock	11,436	11,284
+ + Class B common	3,985	3,947
Add. paid-in capital	141,630	136,263
Retained earnings	328,123	405,273
Treasury stock	(74,651)	(76,052)
For. curr. trans. adjust.	3,439	(12,548)
Total Liabilities & Shareholders' Equity	\$ 1,004,527	\$ 955,168

Zenith Electronics Corporation

* At lower of cost or market; substantially all domestic inventories at LIFO, all other at FIFO.
 † Less accumulated depreciation and amortization.
 + \$1 per value; Series A.
 + \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	—	5.67
%Net Income to Sales	—	3.68
%Net Income to Equity	—	8.29
Sales to Inventories	2.42	2.64
Debt to Equity	0.91	0.61
Working Capital	\$493,236,000	\$526,331,000
Current Ratio	2.48	3.71
Shareholders' Equity	\$414,038,000	\$468,259,000

Zayre Corp.

Framingham, Massachusetts 01701
 (617) 620-5000

Officers: Maurice Segall, chairman, president & chief executive officer; Stanley H. Feldberg, chairman of executive committee; Malcolm L. Sherman, exec. v.p.; Ben Camarata, exec. v.p.; Michael Bilotti, sr. v.p.-corp. info. systems; Gerald P. Donini, sr. v.p.-human resources; Arthur F. Lowy, exec. v.p.-finance; Newton A. Lane, secretary; vice presidents: George Freeman-financial planning & budgeting; Donald G. Campbell, controller; Irving Ritz-labor relations; Robert Shedd, financial relations; Jay H. Meltzer, corporate counsel; Steven Wishner, treasurer.

Directors: Max Feldberg, Stanley H. Feldberg*, Sumner L. Feldberg*, Newton A. Lane, Milton L. Levy*, Walter J. Salmon*, Burton S. Stern, Reva Korda, John W. Hennessey, Jr., Robert F. Shapiro*, Adele S. Simmons, Maurice Segall*, Charles J. Simons, John H. Bustamante.

* Member of the Executive Committee.

Business Activities: Operates a chain of self-service discount department stores, under the names Zayre in 25 states; ladies' apparel specialty stores under the name Hit or Miss shops, and T.J. Maxx family apparel stores. Also operates 15 BJ's Wholesale Clubs, a chain of self service, cash and carry warehouses; and 28 Home Clubs, a chain of home improvement warehouses.

Transfer Agent(s):

State Street Bank and Trust Company
 Boston, Massachusetts

Stock Exchange(s): New York

Ticker Symbol: ZY

Number of Stores: (at fiscal year end)

	Disc. Dept. Stores	Ladies Apparel Stores
1987	362	461
1986	337	428
1985	290	401
1984	275	356
1983	264	267

	Discount Apparel Supermarkets	Warehouse Clubs
1987	226	43
1986	191	29
1985	156	15
1984	118	9
1983	86	2

Sales and Earnings

	Net Sales ‡ (000's)	Net Income † (000's)
1986*	\$ 5,350,638	\$ 88,974
1985	4,036,018	94,647
1984	3,191,172	78,033
1983	2,623,698	59,783
1982	2,139,616	35,176

	No. of Com. Shares +	Earn. per Share †
1986*	58,047,775	\$ 1.49
1985	58,746,596	1.61
1984	42,302,374	1.41
1983	36,865,232	1.13
1982	16,786,346	0.81

* 53 Weeks.

‡ Of continuing operations only.

† Including extraordinary loss of \$3,432,000 (\$0.06 per share) in 1986.

+ Adjusted to reflect stock dividends and stock splits.

Based on the weighted average number of common shares and common share equivalents outstanding adjusted to reflect stock dividends and stock splits.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1986	\$0.32	—	2-for-1
1985	0.24	—	4-for-3
1984	0.15	10%	—
1983	0.10	—	2-for-1
1982	0.07	20%	—

+ Adjusted to reflect stock dividends and stock splits.

Common Stock Equity

	Total Equity	Equity Per Share +
1986	\$ 652,314,000	\$ 11.24
1985	605,775,000	10.31
1984	498,057,000	11.77
1983	397,814,000	10.79
1982	294,762,000	17.56

+ Adjusted to reflect stock dividends and stock splits.

Income Account *

Year ended	1/31/87 (53 weeks)	1/25/86
Net sales	\$ 5,350,638	\$ 4,036,018
Cost of sales	4,230,629	3,081,234
Expenses	904,096	745,203
Acq. costs of Home Club	—	3,137
Interest expense	34,175	21,584
Cap. lease oblig.	9,255	8,263
Income before taxes	\$ 172,483	\$ 176,597
Income taxes	80,077	81,950
Net Income	\$ 92,406	\$ 94,647
Extraord. loss	(3,432)	—
Net Income & extraord. loss	\$ 88,974	\$ 94,647

* Included in Costs and Expenses, Depreciation and Amortization: \$62,601,000 in 1986 and \$46,485,000 in 1985.

Assets

As of	1/31/87	1/25/86
Cash & marketable securities	\$ 35,244	\$ 73,486
Accts. receiv., net	23,490	21,555
*Inventories	1,099,724	861,141
Prepaid expenses	29,977	43,153
Current Assets	\$ 1,188,435	\$ 999,335
#Fixed assets	596,662	480,828
Leased prop. under cap. leases	68,704	62,828
Other assets	20,441	33,898
Intangibles	4,880	4,880
Total Assets	\$ 1,879,122	\$ 1,581,769

Liabilities

	1/31/87	1/25/86
Long-term debt, curr. Accts. payable	\$ 8,690	\$ 9,414
	395,905	346,640

Accruals	186,725	181,454
Income taxes	53,203	48,926
Oblig. under cap. leases	7,664	7,449

Curr. Liabilities	\$ 652,187	\$ 593,883
Long-term debt	401,330	237,878
Oblig. under cap. leases, non-curr.	82,146	76,189
Deferred inc. taxes	91,145	68,044
+ Common stock	58,981	29,373
Add. paid-in capital	226,575	255,266
Retained earnings	391,351	321,136
Treasury stock	(24,593)	—

Total Liabilities & Shareholders' Equity	\$ 1,879,122	\$ 1,581,769
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* At lower of cost or market, using the retail method.

Less accumulated depreciation and amortization.

+ \$1 per value.

Statistical Summary

%Income bef. Taxes to Sales	3.22	4.38
%Net Income to Sales	1.73	2.35
%Net Income to Equity	14.17	15.62
Sales to Inventories	4.97	4.69
Debt to Equity	0.62	0.55
Working Capital	\$536,248,000	\$405,452,000
Current Ratio	1.82	1.68
Shareholders' Equity	\$652,314,000	\$605,775,000

Zenith Electronics Corporation

1000 Milwaukee Avenue
 Glenview, Illinois 60025
 (312) 391-7000

Officers: Jerry K. Pearlman, chairman & president; Robert B. Hanson, exec. v.p. & pres.-consumer products group; Carl A. Michelotti, sr. v.p.-computer group; Otto M. Genutia, sr. v.p.-components group; James L. Faust, president-cable products; Howard H. Graham, v.p.-finance services; Gerald M. McCarthy, sr. v.p.-marketing, sales & consumer products & pres.-Zenith Sales Company; David W. Denton, v.p.-human resources & public affairs; Leonard Dietrich, v.p.-research and development, CRT group; Melvin L. Moore, sr. v.p.-CRT group; James A. Stark, v.p.-purchasing, consumer products; William A. Krein, v.p. & controller; David S. Levin, treasurer; Dennis J. Waldeck, secretary; John Borst, Jr., v.p. & general counsel; Bruce A. Huber, exec. dir.-marketing, consumer products; Peter C. Skerlos, v.p.-engineering, consumer products; H. Vincent Kamler, v.p.-manufacturing, consumer products; Michael S. Tamkin, gen. mgr.-video display operations; Robert P. Dilworth, president-Zenith Data Systems; John P. Frank, sr. v.p.-sales & marketing-Zenith Data Systems.

Directors: Thomas G. Ayers*, Harry G. Beckner, Sidney Davidson*, Karl H. Horn, John H. Johnson, Eugene M. Kinney, Frederick G. Jaicks*, Arthur W. Schultz*, Jerry K. Pearlman*, John W. Madigan, Robert B. Hansen, G. Ralith Guthrie, Joseph S. Wright.

* Member of the Executive Committee.

Business Activities: Designs, develops, manufactures and markets consumer electronics and related products. Also operates 66 Heath/Zenith Computers & Electronics retail centers in the U.S. and Canada.

Divisions and Subsidiaries:

Zenith Electronics Corporation
 1900 North Austin Avenue
 Chicago, Illinois 60639
 (312) 745-2000

Zenith Microcircuits Corporation
 1851 Arthur Street
 Elk Grove, Illinois 60007
 (312) 956-1550

Ranland Division
 2407 W. North Ave.
 Melrose Park, Illinois 60160
 (312) 379-4600

Zenith Electronics Corporation

Zenith Electronics Corporation
1500 No. Kostner Avenue
Chicago, Illinois 60651
(312) 745-2000

Zenith Electronics Corporation
11000 Seymour
Franklin Park, Illinois 60131
(312) 671-7550

Springfield Division
2500 E. Kearney Street
Springfield, Missouri 65801
(417) 865-8341

Zenith Electronics Corp. of Indiana
1515 No. Fulton Avenue
Evansville, Indiana 47710
(812) 432-7761

Zenith Electronics Corp. of Texas
6601 South 33rd Street
McAllen, Texas 78503
(512) 687-9161

Electro Partes de Matamoros, S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Partes de Television de Reynosa S.A. de C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith Taiwan Corporation
Zenith Electronics (Pacific) Ltd.
No. 16 Chih Chiang First Road
Chung-Li Industrial District
Chung-Li Shin
Toa Yuan Hsien, Taiwan, R.O.C. (322)

Zenith Radio Corp. of Canada, Ltd.
1020 Islington Avenue
Toronto, Ontario M8Z 5X5, Canada
(416) 231-4171

Zenith Distributing Corp. of Northern California
800 Mariposa Street
San Francisco, California 94107
(415) 621-8545

Zenith Distributing Corporation of Southern California
11945 East Pike Street
Santa Fe Springs, California 90670
(213) 699-7461

Zenith Distribution Corp. of New York
200 Meadowland Parkway
Secaucus, New Jersey 07094
(201) 330-9000

Zenith Distributing Corp. - Midstates
12600 West 93rd Street
Lenexa, Kansas 66215
(913) 888-4800

Zenith Distributing Corp. of Illinois
505 No. Northwest Avenue
Northlake, Illinois 60164
(312) 562-7300

Zenith Data Systems
1000 Milwaukee Avenue
Glenview, Illinois 60025
(312) 391-6860

Zenith Electronics (Ireland) Ltd.
Virginia Road, Kells
County Meath, Ireland

Zenith Electronics Corp. of Arizona
217 3rd Street
Douglas, Arizona 85607

Telson De Mexico, S.A. de C.V.
217 3rd Street
Douglas, Arizona 85607

Zenith Video Tech Corporation
11000 Seymour Avenue
Franklin Park, Illinois 60131

Zenith Video Products Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025

Cableproductos De Chihuahua, S.A. De C.V.
P.O. Box 848
Brownsville, Texas 78520

Productos Magneticos de Chihuahua, S.A. De V.C.
P.O. Box 848
Brownsville, Texas 78520

Zenco De Chihuahua, S.A. De C.V.
P.O. Box 848
Brownsville, Texas 78520

Zenith/Inteq, Inc.
13860 Redskin Drive
Herndon, Virginia 22071

Veritechnology Electronics Corporation
Hilltop Road
St. Joseph, Michigan 49805

Heath Company
Hilltop Road
St. Joseph, Michigan 49805
(616) 982-3200

Transfer Agent(s):
The First National Bank of Boston
Boston, Massachusetts

Stock Exchange(s): New York, Midwest, Zurich, Basel,
Geneva

Ticker Symbol: ZE

Number of Stores: (at fiscal year end)

1986	66	1983	72
1985	70	1982	71
1984	70		

Sales and Earnings

	Net Sales + (000's)	Net Income (000's)
1986	\$ 1,892,100	\$ (10,000)
1985	1,623,700	(7,700)
1984	1,716,000	63,600
1983	1,361,000	46,300
1982	1,239,200	(24,300)

No. of Com. Shares

	No. of Com. Shares	Earn. per Share †
1986	23,345,227	\$ —
1985	23,130,291	—
1984	22,144,058	2.88
1983	21,961,067	2.26
1982	18,930,122	—

(Loss)

+ Of continuing operations only.

† Based on the weighted average number of common shares and common share equivalents outstanding.

Revenues By Line of Business (000's)

	1986	1985
Consumer electronics	\$ 1,212,000	\$ 1,142,000
Computer products	548,000	352,000
Systems & components	132,000	130,000
Total	\$ 1,892,000	\$ 1,624,000

Common Stock

	Cash Dividend	Stock Dividend	Stock Split
1986	\$ —	—	—
1985	—	—	—
1984	—	—	—
1983	—	—	—
1982	0.15	—	—

Common Stock Equity

	Total Equity	Equity Per Share
1986	\$ 431,600,000	\$ 18.49
1985	437,250,000	18.90
1984	442,800,000	20.00
1983	375,200,000	17.08
1982	267,500,000	14.14

Income Account * (000's)

Year ended Dec. 31	1986	1985
Net sales	\$ 1,892,100	\$ 1,623,700
Cost of sales	1,588,400	1,359,800
Expenses	302,400	283,400
Other income	(3,800)	(6,500)
Gain on sale of prop.	—	(5,400)
Gain on term of pension plan	(700)	(7,300)
Interest expense	29,600	23,400
Interest income	(3,600)	(2,800)
Loss bef. taxes	\$ (20,200)	\$ (20,900)
Tax credit	(10,200)	(13,200)
Net Loss	\$ (10,000)	\$ (7,700)

* Included in Costs and Expenses, Depreciation: \$40,000,000,000 in 1986 and \$36,700,000 in 1985.

Assets (000's)

As of Dec. 31	1986	1985
Cash & marketable securities	\$ 2,900	\$ 7,100
Receiv., net	378,200	283,200
*Inventories	502,800	332,100
Prepaid expenses	82,500	64,900
Current Assets	\$ 966,400	\$ 687,300
#Fixed assets	256,500	238,200
Other assets	12,100	1,800
Total Assets	\$ 1,235,000	\$ 927,300

Liabilities (000's)

	1986	1985
Short-term debt	\$ 95,000	\$ 19,000
Long-term debt, curr.	6,900	6,900
Accts. payable	199,000	84,000
Accruals	59,100	53,300
Accrued payroll	44,800	43,700
Income taxes	7,400	7,400
Prod. warranties	43,000	37,200
Co-op. adv. & merch. prog.	35,800	39,700
Curr. Liabilities	\$ 491,000	\$ 291,200
Long-term debt	272,400	165,100
Deferred inc. taxes	40,000	33,800
+ Common stock	23,300	23,100
Add. paid-in capital	69,700	65,500
Retained earnings	338,600	348,600
Total Liabilities & Shareholders' Equity	\$ 1,235,000	\$ 927,300

* At lower of cost (majority at FIFO; remainder at LIFO) or market.
Less accumulated depreciation.
+ \$1 par value.

Statistical Summary

Sales to Inventories	3.76	4.89
Debt to Equity	0.87	0.44
Working Capital	\$475,400,000	\$396,100,000
Current Ratio	1.97	2.36
Shareholders' Equity	\$431,680,000	\$437,200,000

Zion's Co-operative Mercantile Institution

2200 South 900 West
Salt Lake City, Utah 84137
(801) 321-6179

Officers: Marvin J. Ashton, chairman of the board; L. Tom Perry, vice chairman; Lowell M. Durham, Jr., president &

chief exec. officer; Darrell F. Robinette, v.p.-stores; Keith C. Saunders, executive v.p. chief financial officer, secretary & treasurer; Milo L. Carlston, v.p.-operations; R. Barry Arnold, v.p. & general merchandising manager; Nancy Mortenson, v.p.-marketing services.

Directors: L. Tom Perry*, Spencer F. Eccles, Patricia Madison*, Marvin J. Ashton*, Lowell M. Durham*, Jr., A. Blaine Huntsman, Dan S. Bushnell, James S. Jardine, Keith C. Saunders*.

* Member of the Executive Committee.

Business Activities: Operates ZCMI department stores in Utah.

Transfer Agent(s):

Zion's Co-Operative Mercantile Institution
Salt Lake City, Utah 84137

Stock Exchange(s): Over-the-Counter

Number of Stores: (at fiscal year end)

1987	10	1984	9
1986	10	1983	8
1985	9		

Sales and Earnings

	Net Sales \$	Net Income
1987	\$ 184,259,332	\$ 2,254,819
1986	164,783,867	1,711,279
1985	159,511,660	7,604,944
1984	151,015,182	3,631,191
1983	141,263,086	3,294,168

	No. of Com. Shares #	Earn. per Share †
1987	2,161,457	\$ 1.04
1986	2,161,509	0.79
1985	2,161,509	3.52
1984	2,161,509	1.68
1983	2,159,400	1.53

‡ Includes other income.

Adjusted to reflect stock split.

† Based on the weighted average number of shares outstanding adjusted to reflect stock split.

Common Stock

	Cash Dividend +	Stock Dividend	Stock Split
1987	\$0.60	—	—
1986	0.60	—	—
1985	0.60	—	—
1984	0.58	—	3-for-1
1983	0.50	—	—

+ Adjusted to reflect stock split.

Common Stock Equity

	Total Equity	Equity Per Share +
1987	\$ 52,561,269	\$ 24.32
1986	51,619,114	23.88
1985	51,204,740	23.69
1984	44,896,703	20.77
1983	42,494,421	19.68

+ Adjusted to reflect stock split.

Income Account *

Year ended Jan. 31	1987	1986
Net sales & other income	\$ 184,259,332	\$ 164,783,867
Cost of sales	121,904,568	107,901,724
Expenses	55,913,704	50,978,458
Interest expense	3,184,941	3,217,806
Income before taxes	\$ 4,156,119	\$ 2,685,879
Income taxes	1,901,300	974,600
Net Income	\$ 2,254,819	\$ 1,711,279

* Included in Costs and Expenses, Depreciation and Amortization: \$3,443,456 in 1987 and \$3,736,319 in 1986.

Assets

As of Jan. 31	1987	1986
Cash	\$ 2,242,246	\$ 2,146,641
Receiv., net	50,761,396	45,616,600

Long-term note receiv.	1,009,089	3,711,009
*Inventories	26,453,799	20,642,944
Prepaid expenses	463,682	403,182

Current Assets	\$ 80,930,212	\$ 72,520,376
Long-term note receiv.	1,350,143	1,856,140
*Fixed assets	34,471,720	32,319,189
Other assets	809,194	247,939

Total Assets	\$ 117,561,269	\$ 106,943,644
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Liability

Long-term debt, curr.	\$ 174,584	\$ 162,419
Cap. lease oblig., curr.	1,208,557	887,100
Accts. payable	5,455,705	4,787,745
Short-term borrowings	3,725,000	—
Accruals	6,456,108	6,897,762
Accrued payroll	2,157,911	1,958,078
Income taxes	2,475,844	1,677,212
Deferred inc. taxes	5,710,729	6,074,838

Curr. Liabilities	\$ 27,364,438	\$ 22,445,154
Long-term debt	16,348,808	13,748,468
Cap. lease oblig.	21,072,854	18,673,170
Deferred inc. taxes	213,347	457,738
+ Common stock	14,899,972	14,816,244
Retained earnings	37,760,542	36,802,870
Treasury stock	(90,692)	—

Total Liabilities & Shareholders' Equity	\$ 117,561,269	\$ 106,943,644
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* At lower of cost (LIFO) or market.

Less accumulated depreciation and amortization.

+ \$20 par value.

Statistical Summary

%Income bef. Taxes to Sales	2.26	1.63
%Net Income to Sales	1.22	1.04
%Net Income to Equity	4.29	3.32
Debt to Equity	0.31	0.29
Working Capital	\$53,565,774	\$50,075,222
Current Ratio	2.96	3.23
Shareholders' Equity	\$52,561,822	\$51,619,114

Z & Z Fashions Ltd.

1804 Lincoln Boulevard
Santa Monica, California 90404
(213) 870-2745

Officers: Marvin Zeidler, president & chairman of the board; George Powell, v.p.-sales and training; Ron Rossi, v.p.-merchandising; Marc Zeidler, treasurer & secretary.

Directors: Marvin Zeidler, Dan Paul, Gordon Berman, Rick M. Stein.

Business Activities: Operates men's clothing stores, all under the name of Zeidler & Zeidler Ltd. in California & Nevada.

Subsidiaries:

Zeidler & Zeidler Management, Inc.
1804 Lincoln Boulevard
Santa Monica, California 90404

Transfer Agent(s):

A. H. Walker & Co.
830 Kennecott Bldg.
Salt Lake City, Utah

Stock Exchange(s): Over-the-Counter

Ticker Symbol: ZFSH (NASDAQ)

Number of Stores: (at fiscal year end)

1986	22	1983	20
1985	22	1982	19
1984	21		

Sales and Earnings

	Net Sales	Net Income
1986	\$ 9,976,205	\$ 35,903
1985	10,122,218	(116,769)
1984	9,563,192	82,325
1983	8,734,349	147,051
1982	8,774,259	163,401

	No. of Com. Shares ‡	Earn. per Share ‡
1986	855,687	\$ 0.04
1985	832,353	—
1984	809,019	0.10
1983	856,232	0.17
1982	931,666	0.18

(Loss)

‡ Based on the weighted average number of shares outstanding.

Common Stock Equity

	Total Equity	Equity Per Share‡
1986	\$ 2,169,313	\$ 2.54
1985	4,665,504	2.53
1984	2,191,847	2.71
1983	2,080,355	2.42
1982	2,158,106	2.32

‡ Based on the weighted average number of shares outstanding.

Income Account *

Year ended Sept. 30	1986	1985
Net sales	\$ 9,976,205	\$ 10,122,218
Cost of sales	4,665,504	4,920,336
Expenses	5,404,317	5,442,746
Oper. Loss	\$ (93,616)	\$ (240,864)
Other income	135,519	43,095
Inc. (loss) bef. taxes	\$ 41,903	\$ (197,769)
Income taxes (credit)	6,000	(81,000)
Net Income (Loss)	\$ 35,903	\$ (116,769)

* Included in Costs and Expenses, Depreciation and Amortization: \$194,384 in 1986 and \$194,389 in 1985.

Assets

As of Sept. 30	1986	1985
Cash	\$ 408,887	\$ 276,454
Accts. receiv., net	119,471	55,094
*Inventories	2,547,904	2,173,118
Recoverable income taxes	—	101,595
Prepaid expenses	86,874	104,156

Current Assets	\$ 3,163,136	\$ 2,710,417
*Fixed assets	877,997	968,528
Other assets	7,125	11,397

Total Assets	\$ 4,048,258	\$ 3,690,342
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Liabilities

Accts. payable	\$ 1,505,579	\$ 1,340,206
Income taxes payable	47,218	40,984
Compensation	29,168	29,168
Accruals	296,980	175,740

Current Liabilities	\$ 1,878,945	\$ 1,586,098
+ Common stock	101,333	99,000
Add. paid-in capital	794,451	767,618
Retained earnings	1,527,497	1,491,594
Treasury stock	(253,968)	(253,968)

Total Liabilities & Shareholders' Equity	\$ 4,048,258	\$ 3,690,342
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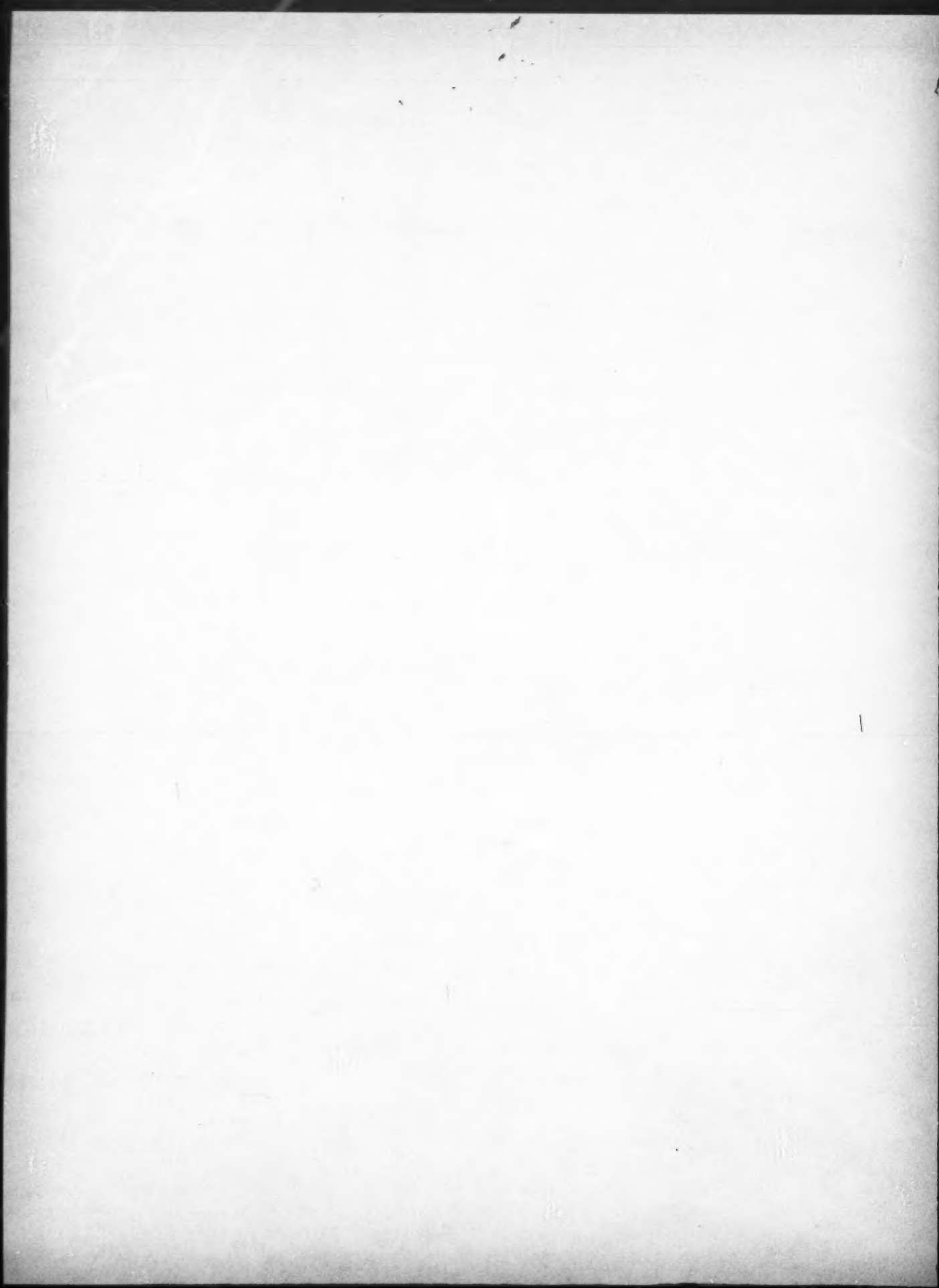
* At lower of cost (FIFO) or market.

Less accumulated depreciation and amortization.

+ \$0.10 par value.

Statistical Summary

%Income bef. Taxes to Sales	0.42	—
%Net Income to Sales	0.36	—
%Net Income to Equity	1.66	4.66
Sales to Inventories	3.92	—
Working Capital	\$1,284,191	\$1,124,319
Current Ratio	1.68	1.71
Shareholders' Equity	\$2,169,313	\$2,104,244



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